



USAID | **MACEDONIA**
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AGBIZ PROGRAM

FIRST FISCAL QUARTER REPORT 2011
OCTOBER–DECEMBER 2010

JANUARY 2011

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ACRONYMS AND ABBREVIATIONS

AC	Activity Concept
ACDF	Agricultural Credit Discount Fund
AD	Activity Description
AoF	Area of Focus
AMIS	Agriculture Market Information System
ARO	Agricultural Research Organization
AWP	Annual Work Plan
B2B	Business to Business
BEA	Business Environment Activity (USAID-funded)
BTV	Burlington
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CEED	Center for Entrepreneurship and Executive Development
CEFTA	Central European Free Trade Agreement
CeProSard	Center for Sustainable Agricultural Practices and Rural Development
CERM	Confederation of Employers of the Republic of Macedonia
CINADCO	Center for International Agricultural Development Cooperation
CIP	Competitiveness and Innovations Program
CMO	Common Market Organization
CoC	Chamber of Commerce
CoP	Chief of Party
COTR	Contracting Officer's Technical Representative
CY	Calendar Year
DCoP	Deputy Chief of Party
EBRD	European Bank for Reconstruction and Development
EC	European Community
e-Gov	USAID-funded Project
EMMP	Environment Mitigation Monitoring Plan
EU	European Union
Euribor	Most commonly used money-market rate in the Euro zone
FDA	Food and Drugs Administration
FFPC	Firm Fixed Price Contract

FFRM	Federation of Farmers of the Republic of Macedonia
FF&V	Fresh Fruits and Vegetables
FTE	Full Time Equivalent
FY	Fiscal Year
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
GoM	Government of Macedonia
Ha	Hectare
HO	Home Office
Ho-Re-Ca	Hotel, Restaurant, Catering
IPA	Instrument for Pre-Accession
IPARD	Instrument for Pre-Accession Assistance for Rural Development
IT	Information Technology
LoI	Letter of Intent
LoP	Life of Program
M&E	Monitoring and Evaluation
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MAEA	Macedonian Agro Exporters Association
MakInvest	Macedonian Agency for Promotion of Foreign Investment
MAP	Macedonian Association of Processors
MASHAV	Israeli Agency for International Development
MBEP	Macedonian Bank for Export Promotion
MBDP	Macedonian Bank for Development Promotion
MCP	Macedonia Competitiveness Project (USAID-funded)
MFA	Ministry of Foreign Affairs
MIS	Management Information System
MKD	Macedonian Denar
MoE	Ministry of Economy
MoU	Memoranda of Understanding
MTV	Macedonian National Television
NARDS	National Agriculture and Rural Development Strategy
NBRM	National Bank of Republic of Macedonia
NCE	No-Cost Extension
NR	Not Required
OBCK	Office Business Center Kosovo
PC	Project Coordinator

PGI	Protected Geographic Indication
PHH	Post-Harvest Handling
PIR	Policy and Institutional Reform
PIRN	Policy and Institutional Reform Need
PMP	Performance Monitoring Plan
PO	Producer Organization
PV	Processed Vegetables
QR	Quarterly Report
RCI	Regional Competitiveness Initiative
RDP	Rural Development Plan
RMI	Regional Market Information
SAPARD	Special Accession Program for Agriculture and Rural Development
SEE	South-East Europe
SEMP	Sector Export Marketing Plan
SIDA	Swedish International Development Agency
SIPPO	Swiss Import Promotion Program
SME	Small and Medium Enterprise
SNV	<i>Nederlandse Vrijwilligers</i> (Foundation Netherlands Volunteers)
SoW	Scope of Work
STA/M	Senior Technical Advisor/Manager
SWG RRD	Standing Working Group for Regional Rural Development
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UC	University of California
UK	United Kingdom
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VC	Value Chain
VCC	Value Chain Coordinator
WGP	Wild Gathered Product
WoM	Wines of Macedonia

DEFINITIONS

Each of the following sections presents activities and projects in the stage of development they were in at the end of the Quarter. The definitions of these stages of development used for all activities and projects are shown below and are not repeated within each section.

FURTHER REVIEW: Activities that were being considered at the end of the Quarter, but implementation arrangements had not been developed, nor had United States Agency for International Development (USAID) approval of the potential activity been requested.

UNDER DEVELOPMENT: Activities that were being developed at the end of the quarter, but implementation had not started. These activities have been approved by USAID, and agreements with partners and participants were being developed but have not been signed. Total Cost and AgBiz Share projections are shown when available.

BEING IMPLEMENTED: Activities/Projects that were underway at the end of the quarter. These activities have been approved by USAID, agreements with partners [Letters of Intent (LoIs)] and participant Memoranda of Understanding (MoUs) have been negotiated, and/or subcontracts have been signed with service providers. The projected Total Direct Cost and AgBiz Cost Share are shown for each.

COMPLETED: Activities/Projects that were completed during the Quarter. The Total Direct Cost and AgBiz Share are shown for each.

ON HOLD OR DROPPED: Activities that were considered but not pursued during the Quarter. The reason they were dropped is noted.

ACTIVITY: A value chain competitiveness enhancement event that is designed for multiple customers in one or more value chains, and includes trade fairs, study tours, human capacity enhancement/training, value chain profiles, assessments, policy reform evaluations, and business to business (B2B) meetings. AgBiz usually supports activities by direct payments to service providers.

PROJECT: A set of business expansion interventions designed by AgBiz to increase the competitiveness and export sales of the customer and jointly funded by a single customer. Typical project expenditures are to construct new facilities or buy new equipment; to design new packaging or brochures; to enter a new market via paying for slotting allowances, in-store demonstrations, or advertising/promotion programs; or to provide technical assistance. AgBiz contributions to a project are supplied via a grant.

QUARTER: Quarter (with a capital Q) refers to the fourth quarter of Fiscal Year (FY) 2010, or the August–September 2010 time period.

EXECUTIVE SUMMARY

Program Development: This Quarter (October–December) represented an intensive season for some agricultural crops, but also for realizing the outcomes of the past summer. However, since promotion of exports and strengthening capacities cannot take a break, during these three months AgBiz continued to implement numerous Activities in the FY '11 Annual Work Plan as this was the last quarter before the close out phase for AgBiz when numerous activities and efforts had to be given a final shape with clear expected short term outcomes.

AgBiz continued close coordination with MAFWE on international wine promotion; a study tour in Israel for FF&V VC participants on Post Harvest Handling and planting material; cooperation with Era, MAFWE and SWG on organizing an international conference on CEFTA followed by B2B meetings; continued cooperation with the e-Gov project on promotion of electronic registration of employment; intensive coordination with the trade associations; as well as submitting a request to USAID for a three months no-cost extension (Mar-Jun) to more effectively utilize the remained financial resources and leave more sustainable processes and institutions after the LoP.

Value Chain Competitiveness Enhancement Activities: At the end of the Quarter, Activity Concepts was developed for seven Activities; four Activities had been approved by USAID and were “Being Developed”, while an additional four were “Being Implemented”. Thirteen Activities had been “Completed,” and one was “Dropped”. Activities being implemented at the end of the Quarter were Support the WoM to Acquire Relevant Market Information; Pre & Postharvest Handling Technology Manuals for Horticultural Crops; Processed Vegetable Value Chain Management & Support; and Transfer Post-Harvest Handling Technology for Selected Agriculture Commodities through Moja Zemja.

Activities successfully completed during the Quarter were: Road-show Presentations of Macedonian Wineries in Poland and The Netherlands; Poland and Holland follow up Buying Mission in Macedonia with CBI; Wine Industry Performance Survey 2009; Production of Value-Added Victoria Table Grapes for International Markets; Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies; IndAgra Food Fair 2010; Assessment of the Impact of the Government’s Subsidy Program on the Export Competitiveness of Macedonian Agribusiness; CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries; Assessment of the Impact on AgBiz Supported-Value Chain Participants of New Government Legislation Concerning Mandatory Buyout Contracting; Follow up on Contract Farming Assessment - Public-Private Dialog to Address the Findings; IPARD Study Tour in Bulgaria for Banks Representatives; Supporting Macedonian Agro Exporters Association to Develop a Five-Year Strategy and One-Year Action Plan and Online Registration of Employees in Agribusiness.

During the Quarter, 85 companies and 13 producer organizations and trade associations received assistance, and 266 individuals received training. Ten new export customers were identified by Activity participants and over \$1 million worth of potential orders were received as a result of completed Activities. The total cost of Activities completed during the Quarter was \$202,372 and an AgBiz direct cost of \$56,875 with an average AgBiz cost share of 28%.

Export Focused, Business Expansion Projects: Due to the successful implementation of 20 good Projects, AgBiz has made a significant contribution toward increased producer and processor/marketer competitiveness to meet export market demand for value-added, agriculture-based products. These Projects involved a range of physical facilities and sales and marketing capacity enhancements. We increased the awareness and knowledge of environmental compliance for customers’ Projects through program-supported environmental compliance work. Local consulting company capacity to provide services to agribusinesses was enhanced through hands-on experience with AgBiz procurement procedures and business professionals. Over the LoP, AgBiz has contributed \$465,024 to Projects and customers have contributed \$7,931,943, for an excellent USAID/AgBiz resources leveraging of 6%.

Enhanced Access to Finance: During the Quarter, AgBiz organized a workshop where access to finance options were presented to six members of the Israeli-Macedonian Chamber of Commerce. At the

presentation an MBDP representative presented their existing products, as well as a new domestic sales insurance policy. Through direct support, improved and detailed access to finance assistance was provided to two companies resulting in the utilization of \$250,000 in financing. The AgBiz Finance Manager participated at FinExpo (Skopje Fair) where current parameters and potential modifications for utilizing the European Investment Bank credit line were discussed between MBDP, commercial banks and private sector representatives. Special emphasis was put on the need for development of a professional business plan as a prerequisite for loan application approval.

Policy and Institutional Reform: During the Quarter, AgBiz continued activities related to policy and institutional reform. The assessment of the impact of the Law on Agriculture as related to contract farming was finished and the outcomes presented during a workshop at the MAFWE, with wide participation of the private sector. The working group established for direct socio-economic dialogue between the private and public sector regarding the issues associated with seasonal employment resulted in the first proposals for law amendments, and in December a MAP representative joined the group. AgBiz and Shumski Plod received a letter from the GoM officially confirming acceptance of the proposed solutions to avoid the multiple taxation of the wild gathered products. There was no action taken by the MAFWE on establishing the Agriculture and Rural Development Councils, (a plan that MAFWE included in the Law on Agriculture - Article 18) and help was required from AgBiz to coordinate the private sector; MAFWE is the institution to initiate this action. A translation of the report on the impact of GoM subsidies on the competitiveness of AgBiz supported value chains was provided to MAFWE and the IPARD agency.

Operational Challenges Encountered: In the last quarter of the calendar year AgBiz continued with aggressive export promotion activities and activities linked to the creation of a very positive environment for export agribusinesses. The name issue has gained on importance since the exclusivity of the name “Macedonian wine” was about to be granted to Greek wines from the start of 2011 and that jeopardizes traditional sales in Germany, Slovenia and other EU countries. Ex-Yugoslav markets are still a challenge as well as Post Harvest Handling and quality planting material, the latter of which were the focus of the study tour to Israel completed during the Quarter. During the Quarter the Government was under strong pressure by some media and farmers and blocked roads and organized numerous public demonstrations, which affected the flow of our regular communications with both the GoM and our customers.

Performance Indicators: Based on the assumption that AgBiz’ request for a NCE is approved and the timeframe for implementing additional USG-supported interventions is extended, all Indicators were revised and objectives for FY’11 were established. Progress toward achieving qualitative program objectives was very satisfactory during the Quarter, and almost 65% of the newly projected Indicators are on schedule or slightly overachieved. The implementation of human resource capacity enhancement Activities involved 266 individuals from 24 not previously assisted agribusinesses (a total of 85 agribusinesses benefited from Program Activities), four additional POs and one new Trade and Business Association received benefits during the Quarter. Financing opportunities worth of \$270,000 were identified for eight customers. The participation of 33 customers in the following trade fairs, study tours and B2B meetings: IndAgra 2010; CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries; and Road-show of Macedonian Wines to Poland and Netherlands resulted in over €0.8 worth of new orders. Around \$150,000 of investment was stimulated from customers, and AgBiz contributed an average of 28% of the total direct cost of Activities implemented during the Quarter, thus achieving very good resource leveraging.

1.0 FIRST QUARTER ACCOMPLISHMENTS

VALUE CHAINS

1.1 FRESH FRUIT AND VEGETABLES VALUE CHAIN – LOVRE RISTESKI, VALUE CHAIN COORDINATOR

Value Chain and Other Work Completed during the Quarter Overview

The Fresh Fruits and Vegetables (FF&V) Value Chain (VC) continued to have significant impact on Macedonian export sales, and huge potential for additional export value by increased value adding. AgBiz customers in the FF&V VC are primarily agribusinesses involved in the production and/or sale of table grapes and fresh apples on the fresh fruit side, and peppers, tomatoes, cabbage, cucumbers and melons as the top five exported vegetables.

Macedonia has a long fruit growing tradition and good climatic conditions. Around 6,000 hectares (ha) are currently planted in table grapes, potential table grape vineyard land is around 10,000 ha, the cost of labor is comparatively low and 70% of vineyards are owned by individuals. Table grape production has been stable to increasing over the last 10 years. Fresh fruit exports are estimated to be \$50 million. Numerous groups are involved in inputs supply, production, harvesting and post-harvest activities, so growing fruits and fruit exports are important from both economic and social stability perspectives. From a total of around \$254 million in food exports from Macedonia, 20.6% belongs to the top five fresh vegetables - peppers, tomatoes, cabbage, cucumbers and melons. In the last ten years, the total value of exports for these five products has increased from \$16.2 to \$52.2 million, with the largest growth being recorded in tomatoes and cabbage. Pepper exports showed a significant decrease as a direct result of growth in the domestic vegetable processing industry where peppers are one of the main raw materials.

Regional markets continue to be the traditional markets for Macedonian fresh fruit and vegetables; however, as they become more sophisticated and open to competition, fresh exporters from Macedonia are losing market share and struggle to sustain these traditional markets. Besides the lack of marketing knowledge and ability to respond to changing market requirements and trends, post-harvest handling of fresh fruit and vegetables in Macedonia is the most significant weakness of the value chain. Currently very minimal post-harvest value adding or quality preservation takes place, since most products are shipped in bulk directly from the field without proper sorting, calibration, cooling or other activities needed for price improvement and compliance with European market standards. As a result Macedonian exporters are supplying primarily wholesale markets rather than supermarket chains where higher finalization of products is required.

AgBiz work on FF&V export competitiveness enhancement is focused on improving post-harvest handling to support producers/consolidators/exporters to enhance their traditional practices, improve post-harvest operations, develop modern packing centers, diversify markets and enhance the overall image of Macedonian FF&V. These are pre-requisites for re-gaining traditional and securing new market entries and long-term export sales. Program support to increase the shelf life and quality of products, ensure exports meet European Union (EU) standards and organize trade fairs presentations and business to business (B2B) meetings with the most relevant European buyers has achieved the expected result of more value added product offers and increased customer exports. AgBiz stimulated the formation of an FF&V Exporters Association, including the most relevant companies exporting FF&V that should significantly improve horizontal coordination and the capacity of the VC to upgrade overall performance

standards, organize joint export presentations and successfully develop dialogue with the relevant Government of Macedonia (GoM) institutions.

Supporting investments for new, modern packing centers and gradual investments in cold storage that meet EU standards will help maintain this large and important export-oriented VC. FF&V VC development can be supported via government financial help for planting new table grape vineyards and apple varieties, production and post-harvest improvements are possible via loans at favorable interest rates and Instrument for Pre-Accession Assistance for Rural Development (IPARD) funds are available for Macedonian FF&V businesses. AgBiz has conducted several workshops and study tours to help customers accessing all available financial resources.

The most significant AgBiz activities to increase FF&V export this Quarter included: organization and facilitation of the Study Tour to Israel, where Macedonian FF&V exporters became acquainted with the practices, techniques and technologies that their counterparts in Israel are utilizing in their operations. In addition, to better understand and utilize integrated production and post-harvest systems, AgBiz started developing a practical Post-Harvest Handling (PHH) Manual that will assemble all the knowledge on pre and postharvest technologies and management practices gained so far, particularly during PHH study tours in University of California (UC) Davis in California and South Africa. During the Quarter, the pilot project on improving pre-harvest operations for Victoria table grapes was also successfully finalized.

To strengthen export promotion and business relations of Macedonian FF&V producers and traders with EU customers, AgBiz started the preparations to coordinate interested customers' to exhibit at the Fruit Logistica 2011 Fair in Germany. As a follow-up of the Study Tour and B2B meetings in Slovenia and Croatia that occurred last Quarter, the already established business relations were further intensified over the Agro Food Fair that was held in Skopje.

During the Quarter, AgBiz worked on supporting the sustainability of the Macedonian Agro Exporters Association (MAEA), a national association of FF&V exporters, with the aim of improving the overall productivity and enhancing the export competitiveness of the FF&V VC. To increase the visibility and marketing potential of MAEA on an international and national level, a development of a web site for MAEA was initiated.

The AgBiz FF&V VC Coordinator held regular meetings with managers of all six completed Projects, followed up on further improvements in post-harvest facilities and operations (pre-cooling, enhanced existing cooling systems and modern packing centers).

1.1.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports on the results achieved for each FF&V Activity versus the objective for that Activity established in the last quarterly report. Reports on completed activities are presented in Section 1.1.4 below.

Activity	Expected Result	Result Achieved
Improved Production and Adding Value to Victoria Table Grapes to be Competitive in International Markets	Activity completed and Activity Results Report prepared	Completed, see Section 1.1.3.1
Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies	Activity completed and Activity Results Report prepared	Completed, see Section 1.1.3.2
World Food Trade Fair Exhibition 2010 Moscow, Russia	3-month follow-up report completed	Completed, see Section 1.1.3.3
Study Tour and B2B Meetings in Croatia and Slovenia	3-month follow-up report completed	Completed, see Section 1.4.2.3
Modern Post Harvest Handling Technology Capacity Building and Establishing Market Linkages with Serbian Buyers	Activity Concept (AC) developed and approved	AC approved
Fresh Fruit and Vegetables Post Harvest Handling Manual	AC developed and Activity Description (AD) approved	AC developed, AD approved, contract with local expert signed, Manual is in its final phase of development
Fruit Logistica 2011 Trade Fair	AC developed and AD approved	AC developed, Budget for facilitating participation of four customer drafted, AD approved
Develop a Web page for MAEA	AC and AD developed and approved	AD approved and procurement process initiated

Activity	Expected Result	Result Achieved
Support to MAEA by costs sharing a Professional Manager and Office	AC developed and approved	Progress pending. MAEA General Assembly implemented new Management Board selected. Implementation will be initialized in the next quarter.
Fresh Apple Exports to India with Macedonia Competitiveness Project (MCP)	Support to communications between the Macedonian suppliers and Indian buyers	Conducted meetings with potential buyers from India and Macedonian exporters (ongoing)

1.1.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports on progress made toward the achievement of project objectives.

Project Title	Objective	Result Achieved during the Quarter
LEDRA AGRO: Improved quality and competitiveness of seedless table grape exports	Closely monitor and obtain grantees' quarterly indicator data	Had regular meetings with customers; further coordinated on presenting results achieved in Calendar Year (CY) 2010 that will become available for reporting next Quarter, after submission of the financial statement to the Public Revenue Office in February, 2011
GD TIKVESH: Improved quality of table grapes and established a packing center		
PECA KOMERC: Established a modern produce packing center		
AGROHEMIJA: Established a new packing center		
AGROS 2004: Established a new model of harvest and post-harvest activities on 30 ha of peppers		
BADZO: Improved competitiveness of fresh vegetable exports		

1.1.3 Competitiveness Enhancement Activities Completed during the Quarter

1.1.3.1 Production of Value Added Victoria Table Grape for International Market

DESCRIPTION/OBJECTIVE: The Macedonian table grape industry is facing increasing competition from exporters in Mediterranean countries such as Spain, Italy and Greece and from New World countries such as Chile. This pressure is evident even on very important, traditional regional markets. On the other hand, the applied technologies are at very low level. To increase competitiveness and at least maintain market share on regional markets, and increase penetration on EU markets, Macedonian producers and marketers of table grapes need to improve their production and postharvest technologies. AgBiz has identified the need for producers to be exposed to constant training and knowledge and contemporary technology transfer.

Thus, over the life of program, the Macedonian table grapes growers, consolidators and exporters were supported to increase their understanding and familiarize with competitive technologies and practices applied in developed table grapes value chains in South Africa and the USA (California). Given that both countries are applying superior technology in table grapes production, a natural follow up was identified and field trials of several production and post harvest technologies were suggested to Macedonian value chain participants as a way to test the technologies, their applicability and cost benefit in Macedonia. Due to its quality and early ripening compared to other varieties of table grapes, it was decided several trials with adaptation and application of new production and post harvest technologies to be performed with the Victoria Table Grape variety.

Agrolozar is one of the leading producers and exporters of table grapes in Macedonia with the total area of Victoria table grape plantation of 60 ha, cultivated on “odrina” system of trellis. The average crop is about 10 t/ha with the packing price of 30den/kg. The company also has its own packing centre and cooling facility, where the grapes are stored before the placement on the local or foreign markets. During the period of the last three years, the company has invested in purchase of mechanization, irrigation systems, tools, application of agro-technical measures and construction of packing centre and cooling facility. Regardless of these investments, the company faces low yield and inconsistent quality in the table grape production. Therefore, Agrolozar expressed interest to apply the new technology in Victoria Table Grape production.

OUTCOME/FOLLOW-UP: AgBiz in coordination with Agrolozar engaged a local expert in table grapes production from the Viticulture and Enology Department at the Faculty of Agriculture Sciences and Food in Skopje to lead the implementation of this Activity. Initially, the present table grapes production in Agrolozar vineyards set for the trials were assessed and then procedures for agro-technical

measures (fertilization, irrigation, protection, soil processing) followed. The new implemented agro-technical measures included: shoot thinning, bunch reduction and tipping, berry thinning, defoliation and girdling. In addition, trials with gibberellins acid were conducted. All steps of the trials were carefully recorded and analyzed and after the successful completion, a field presentation was conducted where all lessons learned on the benefits and costs comparison between the proposed approach and conventional production technology were shared with other value chain participants.

The five months of implementation of the recommended measures resulted in more standardized, with almost equal size, shape, quality and color table grapes, and in increased yield for over 30% compared to the previous seasons. At the end of the season, 450 tons of high quality table grapes were harvested. Almost 95% of the table grapes were of a consistent quality, meeting European standards. Beside the qualitative and quantitative positive results, the general conditions of the areas planted with table grapes were also improved. By putting in place hail protection network as one of the recommended measures, more favorable conditions for both ripening and harvest handling were achieved.

The local expert produced a final report describing the effectiveness and applicability of the advanced technologies used that is available to interested producers and companies involved in the table grapes value chain. Additionally, based on the success and interest from the VC participants AgBiz will consider repeating the trials and initiate adoption of other advanced technologies for increasing productivity and production of high quality table grapes as observed by the VC participants during the study tours in South Africa and California.

For more details see “*Activity Result Report Production of Value Added Victoria Table Grape for International Market*” included on the CD-ROM version of this report.

COST: Total Cost: \$33,181; AgBiz Cost Share: \$5,181, or 16%.

1.1.3.2 Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies

DESCRIPTION/OBJECTIVE: As prepared and facilitated by AgBiz, during August 2010 Israeli Agency for International Development (MASHAV) representatives, lead by the Honorary Consul and Israeli Ambassador to Macedonia, visited several exporters of fresh fruits and vegetables. The Israeli delegation had an opportunity to meet and discuss business with Dusan Cirich; GD Tikvesh and Peca Komerc. These companies are members of the Macedonian Agro Exporters Association and represent a large portion of the production and export of fresh fruit and vegetable products. All utilize equipment and technology originating from Israel. From the discussions it was obvious that they are satisfied of the results from using the Israeli equipment and technology, and welcome the possibility of learning about the newest trends in Israel and the opportunities for joint investments. These, and MASHAV’s excellent reputation for agribusiness-related technology transfer, were good enough for AgBiz to organize a Study Tour to Israel.

The overall objective of the proposed Study Tour was to expose Macedonian FF&V exporters to the practices, techniques and technologies that their counterparts in Israel are utilizing in their operations. The Activity included a Study Tour and B2B meetings for participants in the FF&V VC, to identify



PHOTO CREDIT: AGBIZ STAFF

On-site Training at Agrolozar’s vineyards

potential partners in Israel and to update participants' knowledge and understanding of advanced post-harvest handling and marketing of fresh produce based on Israeli standards.

OUTCOME/FOLLOW-UP: The organization of this Study Tour was in cooperation with MASHAV- Israel's Agency for International Development Cooperation, Ministry of Foreign Affairs and in collaboration with MASHAV's professional affiliate Center for International Agricultural Development Cooperation (CINADCO) - Ministry of Agriculture and Rural Development. During the three days, the study tour participants have met the most relevant government institutions and private sector representatives involved in export of fruit and vegetables. They visited the Israeli Export and International Cooperation Institute and got acquainted with its scope and ways the Institute supports the exporters in enhancing their presence on the international arena. The visit of the Ministry of Agriculture included introduction of all related units and processes involved in supporting and controlling export of FF&V: Plant Protection Inspection Services, International Trade Department and the Market Research Unit. During the second day the group visited Logistic Centre of Shufersal Ltd. retail chain Company that is one of the most advanced centers of this type in Israel. At the Ashdod bonded quality control checkpoint, a transit station at Ben Gurion Airport they had a chance to see the most advanced procedures for control that are applied for securing export of fresh produce and in David's Fruit – Regional packing house observed and got introduced to latest pre-packing operations and techniques contributing to preservation of fresh produce and prolonging ability for transportation and shelf life. In the Agricultural Research Organization (ARO) Volcani Centre the group visited the Institute for technology and storage of agricultural products where the eminent Dr. Amnon Lichter give a lecture on advanced principles and advantages in using modern PHH handling and storing technology. During all the above mentioned visits the participants were exposed to lectures and practical observance of the required techniques needed to improve their post harvest handling of products.

As a result of the lessons learned from the Study Tour, it was once again concluded that one of the biggest obstacles for approaching more sophisticated FF&V market is the deficiency of quantity and consistent quality which our customers can offer to potential buyers. Quality of post harvest handling of fresh product is not on satisfactory level to insure long transport without damaging the product and freshness and appealing appearance on the shelf. PHH techniques and technologies and marketing practices learned in Israel by Study tour participants will definitely lead to new possibilities for improvement of production systems and building capacity in modern post harvest by using contemporary equipment.

During the visit in Israel, the study tour participants had an opportunity to meet the Ambassador David Cohen of Israel to Bosnia & Herzegovina Macedonia & Albania, Mr. Effie Ben-Matityau Director of International Development Projects & Public Private Partnership MASHAV - Israel's Agency for International Development Cooperation and Mr. Daniel Werner Director of Projects & Special Assignments CINADCO and get more familiarized with the role and significant involvement of the Government of Israel in the coordination of the scientific and research work for the benefit of the private companies exporters.

As a follow up of this activity the Israeli Ambassador expressed particular interest in meeting with Samara and MAEA in order to discuss possible cooperation with MASHAV in the two areas including Establishing nursery production for seeds for fresh fruits and vegetables, and Identification of suitable Macedonian company/partner in development and management of a training center for post harvest handling of fresh fruits and vegetables in Macedonia.

For more details see *“Activity Result Report Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies”* included on the CD-ROM version of this report.

COST: Total Cost: \$19,379; AgBiz Cost Share: \$4,413, or 23%.

1.1.3.3 World Food Trade Fair Exhibition 2010 in Moscow, Russia (Three-month Follow-up)

DESCRIPTION/OBJECTIVE: World Food Moscow is one of the most relevant FF&V trade shows and is considered as an efficient platform to interact with the numerous buyers and suppliers to Russian and other markets. To facilitate the recognition of importers, distributors and wholesalers in Russia and the Baltic Countries, AgBiz provided support to three export oriented FF&V companies (Agrohemiya, Vardar Gradsko and Badzo) to exhibit at World Food Moscow 2010 that was held in September.

OUTCOME/FOLLOW-UP: After the successful exhibition at the World Food Moscow where Macedonian exhibitors established contacts with more than 150 potential buyers and distributors and achieved 42 new orders with a total value of around €1.5 million, they continued with serious follow up communications. Each of the three companies participating at the Moscow Fair continued negotiation with number of potential contacts. Based on the initial interest from buyers they did some trial shipments, sent additional offers. Understanding Russian import procedures and custom regulations during the fair helped them a lot in follow up communication: allowed them to know the exact export costs and prepare more precise offers, thus have more clear negotiations. There were no additional contracts signed during the quarter but the companies are very positive that for the next season some of current negotiations will turn into contracts for exporting fresh fruit and vegetables. AgBiz will continue to monitor the development and, when needed, facilitate the companies to optimize the results from the exhibition and achieve increased sales of FF&V to Russia.

I.2 PROCESSED VEGETABLES (PV) VALUE CHAIN – COORDINATED BY THE MACEDONIAN ASSOCIATION OF PROCESSORS (MAP)

Value Chain and Work Completed during the Quarter Overview

Completion of the processing 2010 season was the main characteristic of this Quarter. According to preliminary information, this season is expected to slightly outperform the results of 2009 season. A slight increase of raw materials purchased, production and export sales is expected this cycle. The effects of the global economic crisis negatively impacted processing companies' sales projections, extended receivables collections and reduced the working capital they had available to buy more fresh vegetables and other production inputs. During the Quarter, 15 Processed Vegetables (PV) VC members submitted their applications for IPARD funding. The limited availability of seasonal labor will remain an ongoing problem during this processing season. There were several contacts and meetings of Macedonian Association of Processors (MAP) President and MAP Coordinator with Deputy Prime Minister Mr. Vladimir Pesevski but no clear decision on resolving this issue was made. MAP and Confederation of Employers of the Republic of Macedonia (CERM) agreed to jointly work on the seasonal labor issue and to jointly prepare and present possible solutions.

The vegetable processing industry is by and large represented by MAP, a trade association established in March 2002. The association has no political character, it is a not-for-profit organization and it currently has 28 full-time members. The objectives of MAP are to further develop the fruit and vegetable processing industry, and to contribute to economic growth and increased employment in the Republic of Macedonia. Non-MAP members are regularly contacted by MAP representatives to encourage them to join the association to increase their lobbying capacities. MAP has a subcontract with AgBiz to coordinate PV VC export competitiveness enhancement.

During this Quarter, PV VC members were more active in lobbying activities compared to the previous period. MAP on October 01, 2010 filed an official request to the Ministry of Economy for tariff free import of red peppers for processing purposes. The Government of Macedonia granted the quota of 3,000 tons beginning of November. However, the Turkish Government did not lift the ban for export of red pepper in bulk and the quota remained unutilized.

MAP insisted on more active role in designing export promotion activities of the Agency for foreign investments and export promotion and as a result, MAP Coordinator met with Mr. David Brown, a consultant responsible for development of the export promotion strategy of the Agency. He also participated on the coordination meeting with economic promoters of the Agency and elaborated export support expectations of the PV VC members to the promoters.

Contacts with Ana Mak and Jomi food processing companies continued. Although both companies showed initial interest in MAP membership, they will meet with the MAP Coordinator Value Chain Coordinator (VCC) at the beginning of 2011 in order to finalize their membership before the Annual Assembly meeting of MAP (March, 2011).

During the Quarter, the VCC organized a MAP assembly meeting in Strumica (November 4th) and a MAP Managing Board meeting in Kumanovo (December 17th). He also participated on IPARD monitoring committee meeting (December 16th as full time member of the committee.

During the Quarter, AgBiz work on the VC focused on completion of the six-month evaluation of the Canada Study Tour Activity, participation of PV VC members on IndAgra food fair in Bucharest, Romania and completion of the Assessment of New Government Legislation Concerning Mandatory Buyout Contracting. AC on Study Tour and B2Bs in Ukraine was prepared and approved but the Activity will be postponed for February 2011 based on the recommendations of the Macedonian Embassy in Kiev. Food and Drug Administration (FDA) application and registration workshop activity was replaced by Study tour and B2B meetings in Germany activity since the United States Department of Agriculture (USDA) office from Sofia was not in a position to provide an United States (US) expert that would conduct the training.

The most significant AgBiz work during the next quarter will be the three-month evaluation of the Participation of PV VC members on IndAgra food fair, the Study tour and B2B meetings in the Ukraine, initial activities related to Support for establishing a joint brand/export Company, Study tour and B2Bs in Germany and Survey on the performance of the PV industry 2010.

1.2.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports the results achieved for each PV Activity versus the objective for that Activity as established in the last Quarterly Report. Reports on completed Activities are presented in section 1.2.3 below.

Activity	Expected Result	Result Achieved
Participation on IndAgra Fair in Romania	AC and AD developed and approved, Memoranda of Understanding (MoU) signed, Activity completed	Completed, see Section 1.2.3.1
Study Tour and B2B in Canada (Six-month Follow-up)	Complete the 6-month follow-up and report the outcomes	Completed, see Section 1.2.3.2
Study Tour and B2B in the Ukraine	AC and AD developed and approved, MoU signed, Activity completed	AC prepared and submitted; further contacted Macedonian Embassy in Ukraine and discussed the planned study tour and promotion of PV products activity with Macedonian Ambassador Aco Spasenovski. He recommended postponement of the activity for February, 2011; Sent e-mail to the Macedonian Embassy in Ukraine suggesting possible dates for PV VC study tour and promotional event activity
FDA Application and Registration Workshop	AC and AD developed and approved, MoU signed	Dropped because the USDA office from Sofia was not in a position to provide an US expert that would conduct the training
Study Tour and B2B meetings in Germany		The activity was discussed and accepted by PV VC member as a substitute for FDA application and registration workshop activity

1.2.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports on progress made toward the achievement of Project objectives.

Project Title	Objective	Result Achieved during the Quarter
DENTINA: Production capacity expansion and export marketing and sales support	Closely monitor and obtain grantees quarterly indicator data	Had regular meetings with customers; further coordinated on presenting results achieved in Calendar Year (CY) 2010 that will become available for reporting next Quarter, after submission of the financial statement to the Public Revenue Office in February, 2011
BONUM: Export market entry and International Organization for Standardization (ISO) compliance		
LARS: Improved and increased productivity and capacity of drying		
VIPRO: Construction of a new vegetable processing facility		
AVTORIA: Establishment and operation of a new processing system for onions		

1.2.3 Competitiveness Enhancement Activities Completed during the Quarter

1.2.3.1 IndAgra Food Fair 2010

DESCRIPTION/OBJECTIVES: The Macedonian vegetable processing industry is export oriented – 80-85% of the annual production is exported. EU markets and regional markets (Serbia, Kosovo, Croatia) are the preferred destinations. Exports of Macedonian processed products to Romania are modest.

Before 2007, trade with agricultural and food products was regulated by a Romania-Macedonia bilateral agreement according to which only 30 tons of processed product of exports to Romania were tariff free. After Romania joined the EU, the bilateral agreement ceased and further trade was regulated according to the Stabilization and Association Agreement with the EU, according which exports of Macedonian processed products were fully liberalized. Macedonian exports of processed products to Romania reached 53,000 Euros in 2007, 65,000 Euros in 2008 and 61,000 Euros in 2009. According to the opinion of PV VC members, there was a possibility for establishing stronger business contacts with Romanian food importers and distributors. This would result in increased exports of processed vegetable products to Romanian markets. Currently, the industry suffers from a lack of new business contacts and market related data about the Romanian market, including export/import statistics, trends, etc. Participation in the IndAgra Fair enabled Macedonian processing companies to understand more clearly how the Romanian food market functions, and to widen their perspectives regarding to new export possibilities to Romanian markets. This is particularly important due to the fact that the average utilization of the domestic processing capacities is around 50%, thus leaving additional opportunities for increased production and exports.



Five PV VC members participated in the IndAgra Trade Fair Participation activity from November 10–14, 2010.

The objectives for organizing the study tour were to: Increase participants' knowledge of the Romanian market for processed vegetables; meet with relevant potential buyers; and promote Macedonian processed vegetables products.

OUTCOME/FOLLOW-UP: Representatives of 5 processing companies had a chance to participate on IndAgra fair and exhibit PV products to the Romanian public. The stand was located in main hall (hall no. 1) sector B 09. In addition, the participating companies had a chance to visit several retail stores in Bucharest and its surroundings including Carefour, Kaufland and small privately owned corner shops. A detailed review of the relevant product ranges, prices, packaging, etc. was performed by the participants. Based on the research they concluded the following:

- Processed vegetable products are represented in all stores visited;
- Major retail chains dominate the Romanian market (Kaufland, Metro, Billa, Carefour) especially in larger towns and they are mostly involved in sales of PV products;
- Pepper based products such as roasted peppers; lutenica; ajvar; etc. originate from Bulgaria and Turkey (although Romanian buyers are mostly familiar with product known as "zakuska" – Bulgarian synonym for product similar to ajvar and lutenica). No Macedonian producer was represented in the stores;
- Retail prices of roasted red peppers (720 ml. glass jar) and "zakuska" and lutenica (375 ml. jars) are acceptable, similar to regional prices and favourable to the Macedonian PV producers;
- Gherkins, beet root and sliced sour cabbage packed in glass jars are low priced, made by domestic processing companies and Macedonian products would not be price competitive;
- The type of packaging and labelling is stylish and appealing especially in the retail chains, and products offered would require additional packaging/labelling efforts specific to the Romanian market (such as using the Romanian language) to penetrate the market; and

- Import and further distribution of PV products is usually done by larger domestic or international wholesalers/distributors. There is a possibility to work directly with the retailers under private labels arrangements.

Participating companies presented their products, capacities and intentions for cooperation during the duration of the fair to the general public but also to professional attendants such as importers and distributors. Tasting of Macedonian PV products in particular homemade ajvar was also organized during the event, as well distribution of promotional materials. On average, the participating companies had 10-15 important meetings per company (contacts of the most important potential buyers are provided below). During the fair, the Macedonian stand was visited by the Macedonian Ambassador in Romania Ljupcho Arsovski. Additional meeting was organized at the Macedonian embassy in Bucharest on November 12, 2010. (Pictures of the meeting are available at AgBiz).

The IndAgra fair was an excellent opportunity for presentation of the Macedonian PV products to the Romanian public. As already mentioned additional activities were discussed and agreed with the Macedonian Embassy in Bucharest, Romania. The Ambassador Arsovski and his team (Mr. Aleksandar Spirkovski and Mr. Borcho Damjanov) expressed their readiness to establish a stronger communication and cooperation with the participating companies and to further promote the Macedonian PV products. Another promotional possibility – a promotional event for the Macedonian companies organized with the Romanian Chamber of Commerce (CoC) in 2011 was unveiled by the ambassador. MAP coordinator organized a delivery of samples (PV products) and companies' promotional materials to the Embassy and also delivered a database of the PV VC members and information document about the performances of the Macedonian processing industry. It was agreed important information about the Romanian market relevant to the PV VC members to be forwarded from the Embassy to MAP. Value of new orders received from customers as a direct result of this activity amounts to \$140,000.

For more details see “*Activity Results Report IndAgra Trade Fair 2010 in Bucharest, Romania*” included on the CD-ROM version of this report.

COST: Total Cost: \$17,632; AgBiz Share: \$5,472, or 31%.

1.2.3.2 Study Tour and B2B Meetings in Canada (Six-month Follow-up)

DESCRIPTION/OBJECTIVES: Exports of Macedonian processed products to Canada are small but important. In 2006, exports were 230 tons with a value of €400,000; in 2008, volume was reduced to 119 tons and €65,000 in value and 180 tons of processed products with a value of €342,000 were exported in 2009. According to PV VC members, there was a possibility for establishing stronger business contacts with Canadian food importers and distributors. In return, this would result in increased exports of processed products to the Canadian market. The industry suffered from a lack of data about the Canadian market, including export/import statistics and trends. The study tour enabled processing companies to understand the functioning of the Canadian food market more clearly, and to widen their perspectives regarding new export possibilities. This is particularly important due to the fact that the average utilization of domestic processing capacity is around 50%, thus leaving additional opportunities for increased production and exports.

Seven PV VC members participated in the Canadian Study Tour activity from May 14–20, 2010.

The objectives for organizing the study tour were to: increase participants' knowledge of the Canadian market for processed vegetables; meet with relevant potential buyers; promote Macedonian processed vegetables products; and explore new export possibilities.

OUTCOME/FOLLOW-UP: A six-month follow-up evaluation was completed on November 23, 2010. On the basis of discussions with each participant, Lars reported a new contract worth \$25,000 for export of pepper-based products (roasted pepper) to Canada. Altra and Trgoprodukt are in negotiations with two Canadian importers for export of processed products. Mr. Zoran Cvetkovic from Euro Forte Trade INC (food importer from Canada that was visited during the study tour) reported that he concluded an export contract of \$100,000 with Di-Em Company (MAP member) for export of Ajvar and other pepper based products to Canada.

For more details, see “*Activity Study Tour and B2B in Canada Six-month Follow-up Report*” included on the CD-ROM version of this report.

I.3 WINE VALUE CHAIN – GORAN DAMOVSKI, VALUE CHAIN COORDINATOR

Value Chain and Work Completed during the Quarter Overview

Wine VC finished the harvest with great turbulences and uncertainties for buyout of grapes and remained its struggle to sustain current and develop new market entry opportunities. The implications of the global economic slowdown on the wine consumption are gradually overcome, so importers again have slowly started placing orders though there is still remaining reluctance for expanding portfolios. Nevertheless, as expected the surplus of wine in almost all price segments as well as trading down due to the crisis has dropped the prices of wine overall. Bulk wine price is pressured down to 25 euro cents, some bulk exporters were forced to sell even for less where as the average Macedonian bottled wine is being exported for around 1.24 euro. This has compelled wineries, particularly ones that have significant volume capacity to more seriously start considering alternative markets outside EU and the region. Few of them expressed commitment to work on export to China whereas others emphasized efforts on the Russian market.

Besides significant quantity of unsold wine inventory and lack of financial resources that limited wineries to purchase grapes for raw material, the harvest was slightly shortened by rainfalls so the estimations are that around 80% of the grapes were harvested. The program continued to coordinate public-private dialogue toward establishing buyout prices and resolving the excess wine grape situation. The GoM measure to provide subsidy for buyout of more than 65% than 2009 had limited success because very few of the larger wineries were in position to exceed that level.

After conducting the fourth Sector Export Marketing Plan (SEMP) workshop held in September, AgBiz coordinated several short working sessions where all participants including representatives from export wineries, MAFWE and the Union of CoC worked on putting all previous data together, upgrading the analysis and finalizing the specific Marketing Plans per selected country for all five selected target markets. At the end of the quarter Invest in Macedonia Agency engaged an international consultant to work on the Export Promotion Strategy and Recommendations on Reconstituting InvestMacedonia. Together with the Ministry of Economy (MoE) organized a conference to present the first draft of the strategy outline and discussed it with stakeholders. It is expected the Strategy to be developed in the first quarter and adopted and started implementing in the first half of 2011. AgBiz again offered its assistance in further development of the strategy related to AgBiz supported VC's and discussed possible direct collaboration with Invest in Macedonia Agency in implementation of export enhancing activities. Invest in Macedonia Agency continued to expand its network of Economic Promoters.

During this period, AgBiz continued to provide assistance to wine VC participants to enhance their export competitiveness. Wine Road Show presentations of 10 wineries in Warsaw and Amsterdam held in October were very successful. The outcomes from the activity were excellent and included reignite and confirmed initial interest for Macedonian wine during ProWein, stimulated B2B discussions with importers in Poland and Holland regarding the importation of Macedonian wines, open new opportunities for expanding current and establishing additional export sales and gaining wine consumer insights and the in-depth understanding of both export markets that will allow Macedonian wineries to make optimal business decisions for exporting to Poland and Holland.

Wine Sector Industry Performance Survey was finalized and provides comprehensive and relevant industry data that will enable a serious and more analytical approach to production planning and the overall development of the VC. Initial findings were discussed with Wines of Macedonia (WoM) and other stakeholders.

AgBiz continued to work in coordination with the WoM trade association Management Board on adopting internal procedures, setting up directions and key objectives for developing an operational plan for 2011 and programs for improvements in backward linkages with grape producers and coordinating with relevant GoM institutions. WoM managed to provide the necessary pre-requisites including registration of www.wom.mk web domain and arrange an office and supported by AgBiz signed a contract for getting access to Euromonitor's Passport market information service containing comprehensive and relevant market data for all EU and regional wine markets for a period of 12 months.

The Program continued monitoring the implementation of finished grant Projects with Bovin, Popova Kula, Valandovo and Dalvina. All Projects remained its course towards adding value and shifting to high

quality bottled wine, demonstrated further progress in optimizing the results from the grant programs in securing additional export sales on already established and opening new market opportunities.

1.3.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports the results achieved for each Activity versus the objective for that Activity as established in the last Quarterly Report. Reports on completed Activities are presented in Section 1.3.3 below.

Activity	Expected Result	Result Achieved
Wine Road Show Presentations of Macedonian Wineries in Poland and the Netherlands and Buying Mission to Macedonia	AD approved, both events organized, and Buying Mission to Macedonia accomplished	Completed, see Section 1.3.3.1
Wine Sector Export Promotion Plan	SEMP analysis finalized, final SEMP document drafted	Completed, see Section 1.3.3.2
Wine Industry Performance 2009 Survey	Survey developed	Completed, see Section 1.3.3.3
Industry Performance Survey Follow-up Presentation	Present the Industry Performance Survey to VC stakeholders	Re-scheduled for January 2011
Support the WoM to Acquire Relevant Market Information by obtaining Euromonitor's "Passport" Package	Contract signed with WoM and access to MIS from Euromonitor obtained	Contract signed and access obtained from January 1 st 2011
Support to WoM Association by Cost Sharing for a professional management and office	Develop SoW for Administrative Assistant and adequate office space identified	Coordinated with WoM regarding a professional management and office, WoM signed contract for renting office within the premises of Macedonian Chamber of Commerce
Developing Operational Plan 2011 for the WoM	Develop outline and set up key directions for Operational Plan 2011	Defined key directions and Outline developed
Sales Mission to Ukraine	Organized promotion of Macedonian wines and B2B in Ukraine	Ministry of Agriculture and Water Economy (MAFWE) postponed organizing sales mission for Macedonian wine in Ukraine to February 2011
International BeoWine Fair and Promotion of Macedonian Wines in Serbia	Identify interest from several wineries to participate in the International Wine Fair in Belgrade in February, develop AC and AD	Three wineries Bovin, Dalvina and Kamnik are committed to exhibit at BeoWine Fair, AD developed

1.3.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports on progress made toward the achievement of project objectives.

Project Title	Objective	Result Achieved during the Quarter
VALANDOVO: Shift from bulk to bottled wine sales; increase the quality of the grapes produced; successfully adopt new quality wine production technologies; enlarge winery capacity, including production of oak barrel-aged (barrique) wines; enhance the image of Valandovo wines; open new export market possibilities and increase total sales; establish new vineyards with high quality varieties; facilitate new direct and indirect employment.	Closely monitor and obtain grantees' quarterly indicator data	Although the global economic slowdown significantly affected regional wine markets, the winery continued to focus on increasing sales of bottled wine under its own brand and through its marketing channels, particularly in Croatia, Bosnia and Herzegovina and Serbia managed to maintain export sales levels. Started distribution of Valandovo wines on the domestic market
BOVIN: Enhance the production of barrique wines with technology that will enable the introduction of a new type of wine with higher value, quality and price. Create the pre-conditions, including a modern tasting room, for developing wine tourism as an additional sales channel.		Bovin had fairly satisfactory harvest. The quality of grapes was very adequate but as a result of slow sales last year volume of processed grapes was lower than the level of 2009. This harvest for the first time Bovin produced wine from new varieties San Giovese, Tempranilo and Petit Verdot that will be released on the market in the spring. The winery intensified its promotional activities that resulted in good sales on domestic market particularly before New Year through the high sales season but also succeeded in negotiating new orders from the Netherlands, Poland and Czech republic. The two promotions in Poland and the Netherlands supported by AgBiz resulted in additional push for Bovin wines. Barrique wines continued materializing highest gain into the Bovin's brand equity
AGROLOZAR/DALVINA: Enable full integration of the Agrolozar/Dalvina supply chain by securing backward and forward linkages, thus optimizing export competitiveness and enhancing business growth and sustainability. Add value to Agrolozar's grapes and successfully switch production and sales from bulk to high and consistent quality bottled wine. Considerably increase company bottled wine sales and exports in		As part of the effort to develop an extensive export market entry, during the Quarter the winery increased its internal capacity by recruiting two experienced people that will manage the successful introduction of Dalvina wines primarily on the Russian and Benelux markets. The entry strategy for the Dutch market is developed, the assortment for the Dutch market has been created, and the samples are sent for evaluation. The company is continuing with a penetration strategy of the existing portfolio in Poland. After successful start and significant initial sales Dalvina also has established a representative

Project Title	Objective	Result Achieved during the Quarter
2009 and 2010.		office in China where business activities will be coordinated with a local partner. Sales on the domestic market are progressing very well. Dalvina contracted several good local distributors and continued to expand in HoReCa channels, constantly increasing market share. 2010 sales: exports to the EU reached EU80,000, whereas non-EU market sales, including the domestic market and China, were US\$120,000.
<p>POPOVA KULA: Increase export sales from current €120,000 to €700,000 per year over the next three years; significantly expand exports of bottled wine to the Polish market and make it a key growth driver for the company; support Polish market sales by achieving a superior mix of product offering, marketing support and promotional tools.</p>		<p>Popova Kula Winery had relatively big stocks of wine from the previous season therefore finished the harvest with purchasing much smaller quantities of grapes than last year. During the Quarter winery emphasized sales of cheaper wine from the Demir Kapija line and lowered the export prices to decrease the level of inventory. The decrease in prices resulted in bigger orders. As a result of all previous activities on the Polish market in this period Popova Kula have realized several exports of wine. The total quantity of these exports was about 50,000 bottles in the amount of about EU110,000. Active export activities on the regional market in this period resulted with wine export to Bosnia and Herzegovina in the amount of 13,000 Euros. Also had some small exports in Netherlands, Czech Republic, Germany and Hong Kong. Popova Kula remains on the strategy, to stay focused on the Polish market but also to go step by step or to start with smaller quantities on expanding our export network and on entering into few new, mainly European markets. Market share and the quantities of wine sold on the domestic market are constantly increasing with annual growth of 70% compared to the previous year. Mostly the sales go through the supermarket chains, private placements and through our store that is in the scope of the winery. In this period, particularly before the Christmas and New Year holidays a lot of promotion in the supermarket chains especially in Vero supermarkets led to significant sales increase.</p>

1.3.3 Competitiveness Enhancement Activities Completed during the Quarter

1.3.3.1 Wine Road-show Presentations of Macedonian Wineries in Poland and the Netherlands and Buying Mission to Macedonia

DESCRIPTION/OBJECTIVE: As part of the Sector Export Marketing Plan development process, jointly supported by AgBiz and Dutch Centre for Promotion of Import from Developing Countries (CBI), wineries and other participating stakeholders have identified the Polish and Dutch markets as having good prospects for Macedonian wines. Also, during ProWein 2010 various wine importers and journalists from these markets showed interest in Macedonian wines. A few of the participating wineries have already established strategic partnerships; others sent samples and are negotiating with potential partners in Poland and the Netherlands. The overall objective of the activity “Road-show Presentations of Macedonian Wines in Poland and the Netherlands and a Buyers’ Mission to Macedonia” is to support export ready wineries from Macedonia to expand their current sales and identify new market entries opportunities in Poland and The Netherlands.

Therefore, export wineries requested AgBiz and CBI support to develop and organize joint Wine Road Show presentations of Macedonian wines in Poland and Holland. Since this is very complementary to AgBiz objectives, and consistent with the excellent AgBiz cooperation and coordination with CBI in supporting the enhanced export competitiveness of the Macedonian wine industry, both programs coordinated their efforts to develop the concept and prepare the pre-requisites for successful implementation of the proposed activity.

OUTCOME/FOLLOW-UP: This activity, in the first stage included road-show presentations of Macedonian wines, wine tastings and B2B meetings with potential buyers, wine journalists and other wine professionals in Warsaw, Poland on October 19th, and then on October 21st in The Hague, Netherlands. CBI contracted very relevant Vino magazine from Poland and the Perswijn wine portal in Holland to organize and coordinate the promotional events. The promotional events were also supported by the Macedonian Embassies in Poland and the Netherlands. In the second stage held in November 2010, selected and best prospect buyers and journalists were organized into an inbound buying mission to Macedonia. AgBiz and CBI supported the overall organization of the events, provided expert support and guidance and fully facilitated the activity in both stages.

The outcomes from the activity were excellent and included reignite and confirmed initial interest for

Macedonian wine during ProWein, stimulated B2B discussions with importers in Poland and Holland regarding the importation of Macedonian wines, open new opportunities for expanding current and establishing additional export sales and gaining wine consumer insights and the in-depth understanding of both export markets that will allow Macedonian wineries to make optimal business decisions for exporting to Poland and Holland.



Wine Road Show events were well prepared in advance that resulted with excellent attendance. Many of the participating wineries upgraded on the conversation they've started with potential Polish and Dutch importers and journalists during ProWein. Both events started with seminar and professional wine tasting for selected importers and journalists, presenting Macedonia long history in winemaking, varietals, technology and latest development of Macedonian wine industry. Participants shared their thoughts, asked specific questions regarding wine technology used, terroir, and wine character. Many of them had very positive opinion for Vranec, naming it as "Macedonian Shiraz".

Specialized presentations and wine tastings of Macedonian wines in Warsaw and Amsterdam created all necessary preconditions for direct B2B discussions. Participating Macedonian wineries presented their portfolios and discussed sales opportunities with most relevant wine buyers, importers and wine distributors in all market segments in Poland and in Holland. During presentations wine business representatives were evaluating the wines, their profile and potential match with consumer preferences, reviewed offers from wineries and exchanged views in price and volume expectancy. A representative from the biggest retailer in Holland, Ahold that owns Albert Heijn supermarkets chain and Gall&Gall wine specialized stores spent four hours tasting and compiling notes for the wines from all participating wineries. Many of them, particularly in Poland had very positive impression and were satisfied by the price quality ratio of Macedonian wines. They agree on specific follow up steps including evaluating additional samples within their teams and some even requested to visit Macedonian wineries to assess their conditions and fit for starting the business.

Almost exclusively, all visitors welcomed this type of organized wine presentation under Macedonian national platform. They encouraged Macedonian wineries, to maintain continuous presence and intensive efforts on both markets in order to secure more significant market entry. Overall both presentations were held in very professional manner that resulted in stimulating interest and attending of large number of most relevant wine business that discussed potential sales with wineries.

The Follow up Buying Mission in Macedonia

In the second stage, best prospect buyers and selected journalists were organized to come into an inbound buying mission to Macedonia and visited the 10 selected wineries that were presented in Warsaw and Amsterdam. From 22nd to 26th November 2010, a journalist from Magazine Vino, the owner of importer and wine distributor Dobre Alkohole and a wine expert from Makro Cash and Carry from Poland, wine importer and distributor Vinoblesse, particularly interested in organic and biodynamic wines and the owner and editor in chief of Perswijn Magazine as well as international wine judge participated in the wine trip in Macedonia. During the wine tour they tasted the wines and evaluated the match with their customers' requirements, evaluated the price points and competitiveness of wines, supply channels and viability to start cooperation for importing Macedonian wines in Poland and the Netherlands.

As a result of the wine trip both journalists will write articles in Magazine Vino and Perswijn including their impressions for the Macedonian wine industry and wineries that were visited and notes for the wines

that were tasted during the visits. Wine importers reviewed price lists and discussed specific conditions for importing wines from Macedonia.

For more details see “*Activity Results Report Wine Road-show Presentations of Macedonian Wineries in Poland and The Netherlands and Buying Mission to Macedonia*” included on the CD-ROM version of this report.

COST: Total Cost: \$87,481; AgBiz Share: \$17,843, or 20%

1.3.3.2 Wine Sector Export Marketing Plan

DESCRIPTION/OBJECTIVE: Individual wineries’ efforts to market their wine outside Macedonia are obstructed by very limited recognition of Macedonian wines by international buyers and consumers, so any serious plan for developing and implementing a medium- to long-term national origin promotion program requires a broad platform and a joint private sector with public sector effort.

In their commitment for developing the export competitiveness of Macedonian wineries and enhancing sustainable export sales, AgBiz and CBI identified the need to develop a National Sector Export Marketing Plan that would integrate private sector and Government of Macedonia interests, based on EU wine market analysis and the identified competitive advantages of Macedonian wines.

CBI and AgBiz organized a process of four two day workshops for developing a Wine SEMP focused on the EU market. The SEMP will define specific national export marketing efforts, the optimal positioning of Macedonian wines on selected regional and international markets, and promotional activities designed to create wider origin and wine quality recognition on the part of EU buyers and consumers. All present stakeholders, including the Ministries of Agriculture and Economy, participated in the process. CBI is providing full facilitation and guidance, including relevant EU market data and expertise. AgBiz is coordinating all participants to provide significant input and provides relevant domestic industry data.

OUTCOME/FOLLOW-UP: After conducting the fourth SEMP workshop held in September, AgBiz coordinated several short working sessions where all participants including representatives from export wineries, MAFWE and the Union of CoC worked on putting all previous data together, upgrading the analysis on all five selected target markets. The groups of three people with a designated person for cross check were established to finalize the outlines for the specific Marketing Plans per selected country. They worked on identifying most suitable marketing strategies, using different marketing instruments and techniques for sustaining current and opening new market opportunities for selling Macedonian wines. The overall process was slightly disrupted by the implications from the enforcement of the act for protecting the name “Macedonia” as geographic origin for wines coming from Greece. This required somewhat revised approach and strategy for building the equity of “Macedonian wine” brand name that was well established particularly on the markets in Germany and Slovenia. In the next two months the draft Marketing Plan should be refined into one comprehensive SEMP document that will be presented to MAFWE to be integrated into the overall Strategy for Viticulture and Wine as well as to other donors to support its implementation. SEMP will allow the private sector as well as the GoM, Ministries, and other institutions to jointly establish a clear set of actions for enhancing Macedonian wine exports to the EU.

1.3.3.3 Wine Industry Performance 2009 Survey

DESCRIPTION/OBJECTIVE: In the last several years there have been significant improvements in the quality and consistency of wine, enabling a continuous but slow shift from bulk to bottled wine exports. Serbia continued to be the number 1 export destinations for bottled wine accounting for more than 60% of bottled wine export volume, whereas Germany absorbs at least 50% of total bulk exports and represents almost 90% of total wine exports from Macedonia to EU countries. Nevertheless, only 25 or so wineries are export oriented or have reasonable export potential. These wineries are using modern equipment and have adopted new practices to produce high quality wines. According to the State Statistical Office data, in 2009 Macedonian wine exports were worth US\$52 million, of which only 31% of the value was sold as bottled wine, while 69% was sold as bulk. The average price of bottled wine was \$2.05 per liter, while the average price of bulk wine was \$0.62 per liter.

Unfortunately, the importance of the sector has not been paralleled with adequate support capacity within relevant GoM institutions and Ministries. The dialog with the private sector has been restricted, often biased and with interventions mainly when burning issues need to be resolved. The sector also lacks

relevant and on time industry data. The existing limited institutional competence is insufficient and does not provide the analytical support necessary for creating a greater understanding of the industry status both on the production and processing level. National State Statistical office provides partial data and processes it with almost a year delay. The Agriculture Market Information System (AMIS) system within MAFWE is not fully functional and data collection is almost exclusively designed for the reporting to the EU commission. Hence, there is no entity that tracks industry performance including number of wineries, size and structure, number of full time and seasonal employees, quantities of raw materials purchased by the industry, export volumes and values, etc.

Therefore, AgBiz recognized the need for conducting a survey and comprehensive analysis on the performance of the wine industry in Macedonia. The objective of the Survey was to provide a much better understanding of the sectors internal capacity will allow strategic planning based on accurate and inclusive data including the 2010 season buyout as well as sales projections.

OUTCOME/FOLLOW-UP: AgBiz engaged a short term consultant under a specific Scope of work to conduct the survey. The survey comprised of research and analyzes of the production, processing and sales performance of the wine industry, compiled and analyzed information related to wine industry employment including number of full-time employees and seasonal labor engaged by the industry, analysis of the quantities of raw materials acquired by the industry in 2009 and 2010 season and captured the issues related to the impact of the economic slowdown on the wine industry and measures proposed to overcome the situation. Final draft of the Survey was communicated with the Wines of Macedonia Association and other relevant wine VC stakeholders. All common conclusions and recommendations were included into a comprehensive report.

This Industry Performance Survey provided the most updated list of Macedonian wineries with accurate data, recent figures and results of the wineries performance. Successful completion of this activity contributes to a more competitive wine VC since wineries standing and projections for raw materials buyout will be more effectively and efficiently communicated back through the entire value chain. Wineries will have a useful tool for planning and organizing their supply of raw materials, and producers will have clear indication of the needs and capacity of wineries to purchase grapes from each specific variety as well as to understand some of the key obstacles that wineries are facing including large quantities of wine on stock. It will contribute to successfully finalizing the National Strategy for Viticulture and Wine, and also serve to strengthen the dialog with relevant Ministries and the GoM, lobbying and when/if needed developing policy papers and propose intervention measures.

The final results of the survey and analysis of the information obtained will be shared with all wineries and other wine VC stakeholders including MAFWE, Macedonian Chamber of Commerce, Union of Chamber of Commerce and grape growing associations.

For more details see “*Wine Industry Performance 2009 Survey*” included on the CD-ROM version of this report.

COST: Total Cost: \$5,046; AgBiz Share: \$3,146, or 62%.

CROSS-CUTTING

The following section describes the cross-cutting value chain competitiveness enhancement activities worked on by AgBiz during the Quarter, organized by area of focus (AoF). These Activities are designed to enhance the competitiveness of more than one AgBiz-supported VC.

I.4 POLICY AND INSTITUTIONAL REFORM

Area of Focus and Work Completed during the Quarter Overview

In the last quarter of the calendar year AgBiz continued with activities linked to enhancing the creation of environment for business. The most active involvement was made in the area of wine promotion and the name issue as it coincides with the enhanced efforts of the GoM to find a solution and save the traditional sales and markets in EU. Another important contribution was the broad presentation of the outcomes of the Assessment of the impact from the new government legislation concerning the new obligation for mandatory buyout contracting for the FF&V products at the Ministry of Agriculture. Also, at the beginning of the quarter, the assessment of GoM subsidies in Agriculture and their function towards increasing export competitiveness was completed. The final report with recommendations was shared with the Ministry of Agriculture and the Agency for Financial Support of Agriculture and Rural Development.

The Policy and Institutional Reform Activities conducted during the Quarter are outlined below.

I.4.1 Detailed Accomplishments vs. Projected Objectives

The following matrix presents the results achieved for each Activity versus its objectives, as established in the last Quarterly Report.

Activity	Expected Result	Result Achieved
Assessment of GoM Subsidies and their Impact on the Export Competitiveness of AgBiz-supported VCs	Completed	Completed, see Section 1.4.2.1
Assessment of the Impact of Government Legislation Regarding Mandatory Buyout Contracting for FF&V Products	Completed	Completed, see Section 1.4.2.2
CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and South-Eastern European (SEE) Countries	Completed	Completed, see Section 1.4.2.3
Follow up on Contract Farming Assessment – Private & Public (PP) dialog to address assessment findings	Completed	Completed, see Section 1.4.2.4
B2B meetings in Kosovo with Center for Entrepreneurship and Executive development (CEED) – Office Business Center Kosovo (OBCK)	Services of OBCK presented, B2B meetings accomplished	Postponed for Jan-Feb 2011
Follow up on Seasonal Employment Assessment - forming working groups for proposing legislation changes	Working groups established, proposals for legislation amendments agreed	Working groups established, amendments in preparation by legal advisor
Follow up with MAEA (FF&V VC) on Subsidies Assessment	Results from the assessment presented to MAEA and MAFWE, agree on recommendations and ways to further address the issues	Postponed for 2011; MAEA elected new Management Board.

I.4.2 Competitiveness Enhancement Activities Completed during the Quarter

I.4.2.1 *Assessment of GoM Subsidies and their Impact on the Export Competitiveness of AgBiz-supported VCs*

DESCRIPTION/OBJECTIVE: The objectives of this activity was to assess the impact of the GoM subsidies program on the export competitiveness of Macedonian agribusinesses, what are the results from

the current government subsidy program in increasing the exports of the leading exported agricultural products and in the same time – what was the impact from the subsidies in reducing the current imports of agricultural products and inputs. The study was also intended to give directions how can the private sector and the government in the future interact when it comes to preparation and creation of subsidy schemes. AgBiz justified this activity with the fact that such an assessment can give recommendations for canalizing future support to each of the AgBiz supported VCs and can serve to the government as an eye opener of the results so far and directions for future benefit for the farmers and for the overall improvement of Agriculture.

OUTCOME/FOLLOW-UP: The assignment concentrated on export oriented VC's that in the past 5 years had best results with special emphasis on AgBiz supported VC's. At the same time, an effort was made to cover sectors that present a fair picture of the performance of the direct financial support program. The covered sectors gave us an opportunity to draw conclusions based on positive and negative cases in each of the covered subsectors. The main conclusions are actually the key findings such as: There is no correlation between the National Agriculture and Rural Development Strategy (NARDS) and the Financial Agriculture Support Program; Absence of monitoring indicators for the subsidies program; The direct subsidies do not correct the market prices; Absence of a long-term policy for replacement of the old varieties; Lack of time planning in the whole direct subsidies process; No prioritization and focus on strategic crops and others. Since the subsidy scheme is a big political tool for the government it is not easy to start a Public-Private dialogue. The chances for enforcing the recommendations given in the report lie in establishment of the planned sub-sector working groups in the MAFWE including all relevant private stakeholders.

For more details see “*Assessment of GoM Subsidies and their Impact on the Export Competitiveness of AgBiz-supported VCs*” included on the CD-ROM version of this report.

COST: Total Cost \$: 5,517; AgBiz Share: 100%.

1.4.2.2 Assessment of the Impact from the New Government Legislation Concerning New Obligation for Mandatory Buyout Contracting

DESCRIPTION/OBJECTIVE: The new Law on Agriculture calls for new and more detailed contracts between buyers and sellers, registration at the MAFWE of buyout spots for delivery of the fresh produce and an additional subsidy for producers that will deliver their produce to domestic processing companies. Based on a MAP initiative, AgBiz engaged a consultant to support MAP in developing model production contracts that regulate the buyout of raw materials based on agreed product specifications /standards, and at the same time would be in compliance with the Law. Later, MAFWE also proposed a draft sample production contract, which was based to a great extent on the model that was developed by MAP in cooperation with AgBiz. The extent to which either model was utilized by VC participants is unknown, and MAFWE was facing a lack of resources to follow up and monitor the results of the new contract production requirements. Therefore, AgBiz supported an assessment that will focus on the implications of new government legislation concerning contracting and buyout of FF&V products, PV agricultural raw materials and table and wine grapes, as well as the impact on the overall competitiveness of the three AgBiz supported VCs.

OUTCOME/FOLLOW-UP: The analyses took into consideration developments during the current season and provided feedback from VC participants regarding the impact of the new legislation on VC participants' performances. In comparison with 2009, the utilization of contracts for buy-out of raw material increased for 9 percent. During the main season in 2010, 25% of the interviewed subjects utilized the model developed by MAP, 35% have used their own model adopting the new legal requirements and 40% did not change the models from the last year. According to the respondents that applied contracts during 2010, 47% of their raw material needs were secured through contracts with individual growers. This is satisfactory for the government since there has been only one season with the new requirements. The major shortcomings that affect higher utilization of the contract farming model identified by the respondents were the following: lack of awareness of primary individual producers about their rights but also obligations; possibility for raw material shortages resulting from eventual violation of the contracts by suppliers; selective approach of the authorities and control over the performances of the legally established enterprises; and legal restrictions and limitations in regards to price formation and payment terms details.

For more details see “*Assessment of the impact from the new government legislation concerning the new obligation for mandatory buyout contracting for the FF&V products*” included on the CD-ROM version of this report.

COST: Total Cost: \$4,550; AgBiz Share: \$2,750, or 60%.

1.4.2.3 CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries

DESCRIPTION/OBJECTIVE: The Skopje international trade fair exhibition Agrofood 2010 took place in November 2010. MAFWE, AgBiz and Standing Working Group for Regional Rural Development (SWG RRD) proposed to organize a Conference: “Implementation of Central Europe Free Trade Agreement (CEFTA)- Free Movement and Barriers - on trading agricultural and food products” and multilateral B2B meetings between exporters and importers from Macedonia and relevant companies from South-East European (SEE) countries. The Conference and business meetings are an opportunity for the Macedonian business community to exchange experience, problems and opinions on issues they face in their day-to-day export-import operations. The B2B meetings were opportunity for strengthening existing cooperation ties, as well as creating new business relations.

OUTCOME/FOLLOW-UP: The conference brought together many key players from the region such as the Slovenian Minister of Agriculture, Forestry and Food, the Macedonian MAFWE Minister, representatives from the governments of Slovenia, Bulgaria, Turkey, Serbia and Croatia, delegates from regional Chambers of Commerce and over 50 agribusinesses representatives from Macedonia. After the conference multilateral Business-to-Business Meetings between exporters and importers from Macedonia and SEE Countries were organized. Eighteen Macedonian agribusinesses had an opportunity to establish new contacts, reinforce existing relationships and met with leading buyers from CEFTA countries such as “Mercator” and “Fructal”. The B2B meetings resulted in Macedonian companies signing 550,000 Euro worth of orders for exporting fresh fruit and vegetables. Follow-up meetings were held with Fructal regarding AgBiz post harvest experience and possible financing of the ideas for business expansion. To capitalize the presence of the leading regional buyers such as the supermarket chains “Mercator” and their interest for fresh produce and postharvest handling practices in Macedonia, AgBiz also organized meetings with local authorities in the Valandovo and Rosoman municipalities, as they are the regions with the largest production of fruits and vegetables. Given the circumstances of the B2B meetings and participation of Macedonian, Croatian and Slovenian companies, the outcomes of this event are considered as a three-month follow-up of the activity “FF&V Study Tour and B2B Meetings in Croatia and Slovenia” that was implemented in August.



For more details see “*Activity CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries Result Report*” included on the CD-ROM version of this report.

COST: Total Cost: \$11,151; AgBiz Share: \$1,146, or 10%.

1.4.2.4 Follow up on Contract Farming Assessment and Private-Public Dialog to Address Assessment Findings

DESCRIPTION/OBJECTIVE: The completed assessment of the newly proposed regulations for contract farming gave a firm basis for a Private-Public dialogue to properly address the findings of the assessment to the representatives of the MAFWE including the comments directly from the private sector. This activity presumed a wider gathering including representatives from the AgBiz supported value chains and the GoM.

OUTCOME/FOLLOW-UP: On December 21st, AgBiz organized a round table for presentation of the key findings in the Ministry of Agriculture. In addition to AgBiz customers, representatives from different farmer's organizations were present such as Federation of Farmers of the Republic of Macedonia (FFRM) and the Association of Farmers of Macedonia. The Ministry was presented by the Deputy Minister, the ministry lawyer and the deputy head of the MAFWE's department of Agriculture. The report was shared in a timely manner so the participants were well aware of the key findings. Besides the results and recommendations of the assessment presented by the consultant engaged by AgBiz, the private sector representatives presented all the deficiencies of the new legal requirements found in practice during the season. The majority of the private sector participants insisted on higher involvement of MAFWE's inspectors in prevention of illegal trade with fresh produce as main precondition for proper functioning of the contract farming concept in the country. The comments included: controlling the measuring instruments on the buy-out spots; extended education of the small producers about the benefits signing contracts; motivation of the farmers to legally register; imposing deadlines for payments. The main conclusions from the round table were: Immediate establishment of the sub-sectors working groups according to the new law on Agriculture and Rural Development (article 18); involvement of independent arbitrage for implementation of the contracts; and quick training of the MAFWE inspectors to face with and take measures against the illegal buyers (traders). The Deputy Minister required involvement of AgBiz in initiation of the subsectors working groups.

For more details see the meeting minutes included in the Activity Result report on "*Assessment of the impact from the new government legislation concerning the new obligation for mandatory buyout contracting for the FF&V products*" on the CD-ROM version of this report.

COST: Total Cost: None

I.4.3 Priority PIRNs Identified During the Quarter

I.4.3.1 Implementation of Contract Farming

DESCRIPTION: During the implementation of some regulations related to contract farming from the Law on Agriculture, the farmers and the traders faced problems on the buy-out spots regarding the precise measuring of the crops. The scales and other instruments utilized were not showing satisfactory/expected measurements to one or other parties. This led to discontent of the agreed parties and numerous complaints since the scaling and other measurements at farm gate were not same or close to the ones at the buy-out centers. Besides the decreased payments per kilogram, farmers complain that this will directly decrease their level of subsidies. This issue was discussed during the presentation of the findings from the assessment on implementation of the contract farming in the MAFWE offices. The Deputy Minister and the representatives from the private sector agreed that an independent arbitrage from the government is needed to mediate for such cases and engage experts to assess the situation on-field about the regular calibration and identification of the most appropriate measurement devices.

FOLLOW-UP: This issue needs to be discussed as soon as possible before the start of the new season and good opportunities for such dialogue are the meetings of the intended Agricultural Council and the sub-sector working groups where AgBiz should also take place.

I.4.3.2 Insufficient Law Enforcement of Illegal Buy-out of Fresh Products

DESCRIPTION: While the majority of the parties are involved in implementation of the regulations from the Laws on Agriculture regarding the contract farming, there are some local and foreign traders buying big quantities of the goods (mostly grapes and vegetables for processing) directly with cash. Such traders are buying for local markets and/or for export. This issue was especially important for the Processing industry that is trying to establish a long term relationship with farmers for obtaining raw material. With this kind of deals, taxes are avoided and the government is losing significant resources. Furthermore, when these products are exported, the exporters show a very low documented and contracted price in order to minimize the export taxes.

FOLLOW-UP: The Agricultural inspectorate is the very institution to deal with such problems, but their inactive role in dealing with it is enduring for a long time. This creates an environment of illegitimate competition and AgBiz and the private sector will intensify the dialogue with MAFWE to improve the work and implementation of the already existent institution and regulations.

1.4.3.3 Low Awareness of Available EU Funds

DESCRIPTION: Republic of Macedonia is among the first countries in the region that in 2007 joined the European frame for Competitiveness and Innovations Program (CIP), with which enabled the companies to apply for the funds of this program with 250 Million Euros in total. There are also new credit lines from EBRD for competitiveness of small and medium size companies of 14 million Euros and other 12 million for energy efficiency. European Investment Bank is also releasing a credit line of 50 million Euros for Small and Medium Enterprises (SMEs). The companies in the AgBiz supported VCs are all eligible to apply. The low or no interest in this and other funds raises the question if there are not enough projects with good quality or there is insufficient information in public.

A general conclusion is that there is a very low utilization of the available EU funds. These funds are not allocated per country, but available for all EU and countries that are in the process of integration, and they can be spent from any of them that have good proposals. Biggest number of applied projects is from Serbia and Croatia followed by Slovenia and Albania. Only solid applications can improve this situation but that depends on the capacities of the local institutions to support them and on the capacities of local consulting organizations.

FOLLOW-UP: The Government Institutions need to take more proactive role in disseminating such information for available funds where Macedonian companies are eligible to apply, especially since these funds are not allocated per country, but are available and open for all EU members and countries in process of integration.

1.4.3.4 Establishing an Agricultural and Rural Development Council (Follow-up)

DESCRIPTION: According to the new Agriculture and Rural Development Law (Article 18) for the purpose of planning, implementation and monitoring of national agricultural policies, MAFWE will establish partnerships with agriculture and rural development councils, sub-sector working groups and the inter-ministerial body for rural development. Articles 19–24 define more clearly the role, responsibilities and activities that should be undertaken by the council and sub-sector working groups. The main function of the above-mentioned entities is to have direct and continuous contact with MAFWE, meet regularly, discuss the existing situation and shortcomings and propose corrective measures. A representative of processing industry is anticipated to have a full-time membership.

FOLLOW-UP: PV VC members and MAP coordinator met with MAFWE minister, Mr. Ljupcho Dimovski, in Strumica on November 04, 2010. Although the establishment of the rural development council and sub-sector working groups was raised by the PV VC members, the minister stated that this issue was not initiated by MAFWE and no progress has been made to date. AgBiz will therefore continue to follow up and intensify dialogue with MAFWE during the next quarter to foster the process of establishing the council.

1.4.4 Constraints on the Competitiveness of Macedonian Agribusiness Exporters

1.4.4.1 Protection of the Wine Geographic Indication “Macedonia” by Greece (Continuation)

DESCRIPTION/OBJECTIVE: During the quarter the situation with the claim from Greece that the name “Macedonia” (and its transcription in German and French) is registered since 1989 as Protected

Geographic Indication (PGI)¹ by Greece and adopted by EU in August 2009, so the wines from Republic of Macedonia cannot be exported into EU with the Geographic indication - Region: Macedonia evolved by strong reactions by Greek Embassies in Germany and Slovenia against importing wine from Republic of Macedonia under the name "Macedonian" that is already registered as PGI by Greece. It seemed that the reactions are strategically directed primarily to Germany that is the biggest importer of Macedonian bulk wine as table wine with geographic indication (quality wine) where the brand name "Mazedonish Rot" (Macedonian Red) for wines from Republic of Macedonia is well established and recognized by consumers and Slovenia as the country from Ex-Yugoslav now within the EU where wines from R. Macedonia are highly appreciated. As a result, State inspectorate in Slovenia raised a dispute with the importer of Macedonian wine and requested wines with "Macedonian red" and "Macedonian white" on the labels to be removed from the shelves in the retail whereas the Chamber of Commerce in Germany informed the importers of Macedonian wine that from January 1st, 2011 they will not be in position to import wine from Republic of Macedonia under the name "Macedonian". After several meetings held, since July this year, the representatives from the wine sub-committee have not responded officially on the proposals and arguments presented by the Macedonian negotiation side.

OUTCOME/FOLLOW-UP: AgBiz remained fully involved in the situation and after reactions were delivered to the wineries, the Program discussed the issue with the Deputy Minister of MAFWE and the Director of Directorate for Economic Affairs and requested immediate meeting between the wineries and MAFWE and Ministry of Foreign Affairs (MFA) to evaluate the current situation and implications on the wine export and identify possible solution. This issue was discussed at the GoM session, and MAFWE scheduled a meeting with the largest wine exporters from Macedonia, representative from the Directorate for EU within MFA and AgBiz. AgBiz facilitated the meeting and helped MAFWE and MFA to prepare and distribute the official response including the arguments from the Republic of Macedonia's side to wineries, so they can replay on any further complaints based on arguments. MFA submitted full information regarding the issue to all Macedonian Embassies in the world, advising them on how to handle possible similar reactions from Greece. Although the letter with contra arguments was sent to concerned parties, some of their foreign clients were still being reluctant to continue with import of Macedonian wines.

Following many official requests and insisting from Macedonian side, the Deputy Minister and the team from MAFWE had a meeting with the respective European Community (EC) authorities in Brussels. At the meeting was confirmed that it is definitely NOT the EU Commission standing that Macedonian wine export to EU should be banned, as Greeks Embassies requested, although our wines are not registered on E-Bahus list. (EC wine list). But, at the same time it was noted that the list includes only wines that have certified Protected Geographic Indication for which EU is obliged to monitor and protect their rights on all EU markets, in other words, since Greece has certified the name "Macedonian wines" as PGI for wines coming from Greece, Macedonian wineries in the export V1 form cannot put wines coming from Region: Macedonia, importers of our wines cannot use already well established trademarks deriving from the name Macedonia such as Macedonian Rot and Rose in Germany and in Slovenia, and it is very likely our wineries will have to change Product of Macedonia on the back label with product of Republic of Macedonia for countries that recognizes us under constitutional name or product of Former Yugoslav Republic of Macedonia (FYROM) for others.

MAFWE is in the process of finalizing the NEW wine protocol between Macedonia and EC that should be signed in the next six months. All these issues related to the name, should be clearly defined in the protocol. Although on the previous meeting with the EC wine subcommittee, Macedonian side proposed the name Macedonian to be used as a homonym by both R. Macedonia and Greece it is not to expect that it will be accepted and included in the protocol. All these will definitely have negative implications on the wine export from Macedonia. For the AgBiz Program that means possible underachievement of the program's expected wine export indicators. AgBiz will remain to be constantly involved and provides its assistance and coordination between the private sector and MAFWE and fully contributes to the process in identifying the best possible solution to avoid export limits on Macedonian wine.

¹ Equivalent term: Macedonia Law of the Member State :340576/01.09.1989; 380238/31.07.2000
Official Journal of the Member State: 694/B/15.09.1989; 1012/B/10.08.2000; European Community Law: Council Regulation No 479/2008 Quality type: Wine with a protected geographical indication (PGI)

1.5 ACCESS TO FINANCE

The following section describes the substantial work done during the Quarter, primarily by the AgBiz Finance Manager, in the Access to Finance AoF, with the goal to improve customers' access to finance.

Area of Focus and Work Completed during the Quarter Overview

This AoF helps customers enhancing their understanding in comparative availability of agribusiness finance, and in the most current procedures and requirements by financial institutions for obtaining access to finance. AgBiz assists customers in getting acquainted with the new financial products and alternative sources of available financing, as well as facilitate them in identifying those most appropriate for them in the current economic situation.

During the quarter, AgBiz organized a workshop where presented access to finance options to six members of the Israeli-Macedonian Chamber of Commerce. At the presentation Macedonian Bank for Development Promotion (MBDP) representative presented their existing product, as well as the domestic sales insurance policy that was promoted as their latest product. Through direct support, improved and detailed access to finance assistance was provided to two companies resulting in the utilization of over \$270,000 in financing.

An IPARD study tour to Bulgaria was organized for banks representatives where representatives of four Macedonian banks had an opportunity to share experience with their Bulgarian colleagues regarding financing IPARD/Special Accession Program for Agriculture and Rural Development (SAPARD) applications and better understand opportunities for financing this type of project. The AgBiz Finance Manager participated at FinExpo (Skopje Fair) where current parameters and potential modifications for utilizing European Investment Bank credit line were discussed between MBDP, commercial banks and private sector representatives. Special emphasis was put on the need for development of a profound business plan as a prerequisite for loan application approval. Concerning the loan payment period, especially the loans related to investments, all agreed that the payback period need to be extended from 5 to 7 years, so it can be more responsive to private sector needs.

This quarter was marked by a mild decrease of the interest rates, based on concrete steps taken by the National Bank of Republic of Macedonia (NBRM) as a result of reduction of the obligatory reserves in the banks. The expectations of NBRM are that this decreasing trend will continue. However, the commercial banks are not that optimistic because the costs for depositing their funds in the NBRM are increasing their expenses and this does not allow further decrease of loans' interest rates. The trend of increased investing in treasure bills and bonds for the banks is continuing, compared to their investment in business.

The outstanding portfolio for this loan product is currently above €64,000,000. Loans funded by Agricultural credit Discount Fund (ACDF) still have the most competitive interest rate, and the maximum loan amount that can be approved has increased on €400,000 with the exception of Sparkasse Bank where the maximum limit is up to €700,000. During this quarter, the new instrument of MBDP for Insurance of Domestic Purchase Orders started functioning and the first insurance bills are already issued. This will surely give positive impact of collecting of receivables in an agreed period. The Program continues to support its customers to understand and apply for loans, leases, equity or other types of financing and keep up-to-date on available financing and new financial products as well as track and evaluate the impact of the global financial crises on the Macedonian financial sector and the implications on the AgBiz supported VC's export competitiveness.

1.5.1 Detailed Accomplishments vs. Projected Objectives

The following matrix reports the results achieved for each Activity versus the objective for that Activity as established in the last Quarterly Report. Reports on completed activities are presented in Section 1.5.2 below.

Activity	Expected Result	Result Achieved
IPARD Study Tour to Bulgaria for Bank Representatives	Activity completed	Completed, see Section 1.5.2.1

I.5.2 Competitiveness Enhancement Activities Completed During the Quarter

I.5.2.1 IPARD Study Tour to Bulgaria for Bank Representatives

DESCRIPTION/OBJECTIVE: While in the process of EU accession, Macedonia is eligible to seek funds through the Instrument for Pre-accession Assistance (IPA). The IPA Rural Development Program (IPARD) is designed to contribute to the sustainable development of rural areas and the modernization of agriculture and agribusiness so participants can meet European Community standards. Although available for Macedonia from the end of 2007, due to late accreditation of the payment Agency the first call for application was announced in March 2010. But to obtain these funds, applicants had to have viable projects and had to go through a very stringent application process. Hence, the first cycle had limited success and only 27 Projects were positively evaluated and accepted to be co-financed by IPARD.

Bulgaria was the first country among the 10 applicant countries under SAPARD to meet the pre-conditions for starting Program implementation. Bulgarian companies received support valued 444 million Euro under the SAPARD program. The country was granted the third largest annual allocation after Poland and Romania. Bulgaria's experience in utilizing SAPARD funds is a very important source of lessons learned because the funds were used for modernization of manufacturing, strengthening of agricultural support institutions and development of rural regions. The objective of the tour was for the members of Macedonian commercial banks to get to know the services provided by commercial banks in Bulgaria regarding EU funding programs and to gain experience related to extension support they offered to their customers regarding the efficient use of available European funds and programs.

The specific objectives were to:

- Analyze and understand loan products designed for supporting SAPARD applications and funds utilization;
- Understand the risk assessment and evaluation processes banks use on SAPARD-related business plans included in loan applications;
- Become familiar with the most appropriate models for repayment of SAPARD loans; and
- Learn about developing loan products that are consistent SAPARD Payment Agency requirements.

OUTCOME/FOLLOW-UP: At all the meetings the host organizations presented a full set of information related to the scope, structure and management of the activities related to utilization of EU funds. The management of State Fund Agriculture provided detailed presentation of the SAPARD and Rural Development Plan (RDP) programs and in depth explanation how the various departments of the agency interact.

The commercial banks presented their tailored products targeted at EU funds beneficiaries as well as various models of handling the technical aspect of preparation, monitoring and implementation of the EU funded project. The financial products include various credit facilities which respond to the implementation stages of the EU funded project.

There is a phase in period in utilization of the SAPARD program during which the application activity was small. Gradually the beneficiaries, the managing authority and the banks gain speed and the program reached almost 70% utilization level. Because of the experience gained during the 5 years SAPARD implementation RDP started much faster and gained significant interest among the beneficiaries. To date over 30% of the funds are contracted and over 15% already paid.

The financial institutions are very interested in providing credit to projects that are approved for EU subsidies. They accept as partial collateral the expected subsidy which makes conditions more attractive for the borrower.

The banks use two major models for providing support in the EU project management phase of their clients. One of the approaches is to create a daughter consulting company which provides package services to the clients. The other approach is by selecting a short list of leading consulting companies to recommend to the clients of the bank. Both approaches have advantages and disadvantages. The majority of the banks used outside consulting companies.

All banks which are interested in EU financed project need to organize special departments within the bank which are familiar with the EU programs and can provide coordination between the clients and the credit departments of the banks.

The participants in the study tour were able to receive firsthand experience how the financial institutions in Bulgaria interact with the managing authorities of the EU programs and the beneficiaries. They have learned the specifics of the project implementation cycle and the role of the bank in each stage. The practical experience of providing specialized services to the clients of the banks was described in details. The participants got familiar with all project implementation stages and the potential risks related to each one of them.

After the visit the participants have better understanding how they can enhance their credit activities related to beneficiaries of EU programs, how to prepare and position their specialized credit products and interact with their clients through all phases of the project.

The initiative of the financial institution to be proactive with their clients in respect of the utilization of the EU funds, leads to higher overall utilization of the programs and better ability of the beneficiaries to respond to the financial requirements. The banks which are leaders in the process of providing specialized products for EU programs beneficiaries are able to capture significant market share. Gaining initial experience with programs like SAPARD provides opportunity for the banks to participate in other EU funded programs for the public and private sector.

In order to be successful in providing financial support to the beneficiaries of the EU programs, the banks need to understand in details the program requirements, rules and regulations. The financial institutions need to work close with leading consulting companies or organize professional consulting services within their own structure in order to make sure that the project management is done right.

The major risk that the banks need to be aware of is the possibility of administrative delays of the project implementation which may influence the initial business plan of the borrower. The credit facilities need to reflect each implementation step of the project. For more details see “*Activity IPARD Study Tour to Bulgaria for Bank Representatives Results Report*” included in the CD version of this report.

COST: Total Cost: \$ 8,848, AgBiz Cost Share: \$5,948, or 67%

I.6 HORIZONTAL AND BACKWARD LINKAGES

After transformation of the Macedonian political system and establishment of an independent state in the early 1990s, and the subsequent transformation of the economic and political systems, significant changes occurred in the country. Changes in agriculture were especially significant because of the transformation of agricultural Kombinats. Recently, MAFWE recognized the lack of vertical integration models and contract farming as one of the most significant obstacles to achieving stable growth and development in the agricultural/agribusiness sector. Many agriculture-focused donor activities and GoM programs have the objective of supporting producer (farmer) organizations and/or agribusiness trade associations. Despite these substantial efforts, only limited progress has been made in developing sustainable trade associations. Without a strong trade association, VC participants cannot impact GoM policies and practices and/or organize and implement effective actions to develop and enhance members’ competitiveness. Sustainable trade associations in the VCs supported by AgBiz would be very good USAID “legacy institutions.”

During the Quarter, AgBiz continued to focus on gathering information on the implications of the new Law on Agriculture, which is important to AgBiz support for backward linkages development. AgBiz finalized several activities to strengthen supported associations. The support to MAEA in developing its 5-year strategy and annual action plan was finalized with a development and adoption of the documents. The work on developing a web site for MAEA continues and AgBiz is also supporting activities regarding development of producer organizations and an Association Management Company.

1.6.1 Detailed Accomplishments vs. Projected Objectives – Activities

The following matrix reports the results achieved for each Backward Linkages Activity versus the objective for that Activity as established in the last Quarterly Report.

Activity Initiated this Quarter	Activity Description	Progress this Quarter
Support of MAEA to Develop a Five Year Strategy, and Action Plan for the First Year	Activity completed and Activity Results Report prepared	Completed, see Section 1.6.3.1
Establish Partnership (Support) Agreements between AgBiz and Selected Trade Associations (MAEA and Shumski Plod)	Activity completed and Activity Results Report prepared	Progress pending. MAEA and Shumski Plod General Assembly must take place to approve signing the agreements.
Assessment of the Potential and Challenges for Developing POs in Macedonia with Recommendations for AgBiz Support	AD approved and procurement process completed	AD approved, MoU signed with SNV
Feasibility Study and Business Plan for POs and Association Management Entity	AD approved, implementation process initiated	AD approved, implementation process initiated
Support to Shumski Plod by Cost Sharing a Professional Manager and Office	AD approved and procurement process completed	Progress pending. Shumski Plod General Assembly must take place before the beginning of the activity

1.6.2 Detailed Accomplishments vs. Projected Objectives – Projects

The matrix below reports continued progress toward achieving post-Project results.

Project Title	Objective	Result Achieved during the Quarter
VIGAN: Improve the quality and quantity of mushrooms sold on export markets, increase the capacity of production and implement Hazard Analyses and Critical Control Points (HACCP) standards	Closely monitor and obtain grantees quarterly indicator data	Vigan reported a significant increase of sales during the quarter. The newly installed freezing capacity enabled Vigan to create an inventory of frozen mushrooms and wild berries, and offer its products throughout the year.
INTERMAK: Maintain and further upgrade Intermak's position as one of the leading Macedonian companies processing and exporting wild mushrooms by improving and increasing processing and storage capacity		Intermak managed to sell the complete inventory of mushrooms as well as to sell a large portion of the juniper berries on stock. In addition Intermak managed to export two big shipments of organic blueberry to Poland and organic mushroom shipment to France.
KORO: Establish and strengthen the company's presence on regional markets, primarily Serbia, and achieve increased regional export sales		Koro obtained an organic certificate on their full pallet of products. With the organic certified products Koro managed to penetrate two more west European markets with finalized filter teas packed under the customer's brand.
FLORES: Introduce a new organic product line for wild gathered medicinal herbs, aromatic plants and wild fruits, and create new regional and international export opportunities		Flores had a major incident during the quarter as his main storage facilities including the full inventory were burned down during a fire. Despite this setback Flores was able to fulfill orders from clients and supply the requested quantities. Sales of conventional products were average level for the quarter, and no organic products were sold.
KOKOLANSKI: Improve competitiveness by increasing and improving processing capacity and adopting HACCP food safety principles		Kokolanski was able to sell their entire inventory during the quarter. Although prices were still reduced due to the global economical slowdown, Kokolanski reported an increase in sales and enters the 2011 season in relatively good condition.

1.6.3 Competitiveness Enhancement Activities Completed during the Quarter

1.6.3.1 Support of MAEA to Develop a Five Year Strategy and Action Plan for the First Year

DESCRIPTION/OBJECTIVES: The main objective was to support the Macedonian Agro Exporters Association to develop a Five-year Strategy and an annual Action Plan that will guide them towards reaching sustainability and organizational functionality over the next five years. The development of this document had a goal to contribute to MAEA's efforts to define its mission and vision, distinctive competences, the key strategic objectives and course of actions needed to accelerate the development of the association and reach a certain level of sustainability and functionality and successfully present itself in front of the GoM and other stakeholders. AgBiz aimed to support MAEA to successfully implement this Activity as one of the association's first priorities. As MAEA does not have the capacity to develop such a

document by it, AgBiz planned to provide a Service provider to organize, lead and implement the Activity. Having in mind the above, the process of crafting the strategy puts a special emphasis on identifying key objectives and detailed Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis with particular emphasis on the constraints and impediments that the FF&V VC is facing, which limits the competitiveness of the companies. Information gathering was to be conducted via a specially developed questionnaire that will be distributed to the association members and other FF&V VC participants, analyze the gathered information develop a prioritized list of issues that are most likely to be successfully addressed through the work of a trade association.

OUTCOME/FOLLOW-UP: MAEA, supported by AgBiz, engaged a consultancy company as Service Provider, which conducted interviews with the association members and gathered information on needs, aims and constraints that the association is facing. Based on this information a draft of the strategic documents was developed by the Service Provider. After the first draft was completed the documents were disseminated to current and other potential members of the association via several regional workshops and meetings. After the feedback was received, the Service Provider summarized the comments and developed a document that was presented to the members on a general assembly meeting for final approval and adoption. Having presented the strategic document and the future work of the association that is based on a detailed analysis of the constraints, it is expected that it will contribute towards the accelerated forming of a functional association, which clearly communicates its goals and unites the members on several levels. As follow-up it is required to monitor the progress in the increase of visibility and overall development of the association.

For more details see “*Five Year Strategy and Action Plan for the First Year for MAEA*” included on the CD-ROM version of this report.

COST: Total Cost: \$8,848; AgBiz Share: \$5,948, or 67%.

1.7 OUTREACH, MARKET INFORMATION AND ENVIRONMENT

1.7.1 Detailed Accomplishments vs. Projected Objectives

The following matrix reports the results achieved for each outreach Activity versus the objective for that Activity as established in the last Quarterly Report. Report on completed Activities is presented in Section 1.7.2 below.

Activity	Expected Result	Result Achieved
Online Registration of Employment for Agribusinesses – Roundtables	Plan and organize four workshops—two in September, one in October and one in November	Completed, see Section 1.7.2.1
Transfer of Post-Harvest Handling Technology for Selected Agriculture Commodities to POs/ Farmers / Agribusinesses through <i>Moja Zemja</i>	Develop and approve AC and AD, develop and sign MoU with FFRM and publish December in January	The postharvest guidebooks for “apples” and “grapes” were completed and distributed through FFRM’s <i>Moja Zemja</i>
AgBiz Conference and Training Calendar	Provide monthly input on AgBiz activities for USAID’s Economic Growth Office Event Calendar	Completed
Technical Communication Dissemination	Distribute at least 3 pieces of technical information to stakeholders other than customers	The Cabbage Postharvest Care guidebook, developed by Dr. David Picha was published in the national private newspaper “ <i>Vreme</i> ” in its special edition for farmer education called “ <i>Farmer</i> ”. Due to the length of the guide book, the material was split in two parts and published accordingly. For more details see “ <i>AgBiz Press Clippings</i> ” on the CD-ROM version of this report
AgBiz website	Website updated on an ongoing basis	Completed
MAFWE Updating	Provide MAFWE with monthly AgBiz information or/and information on AgBiz planned activities	Distributed via email Success Stories to MAFWE’s Department for International Cooperation.
Information Sharing with Similar Regional Projects	Share at least 2 pieces of AgBiz information with other regional agribusiness projects	Developed list of market information sources as per Regional Competitiveness Initiative (RCI) InfoShare websites request; RCI’s Newsletter published the AgBiz Success Story on MAEA titled “ <i>AgBiz supports fresh produce producer goals</i> ”.

Activity	Expected Result	Result Achieved
Success Stories	Develop and publish monthly stories	1. "Macedonian Agribusinesses Sell Products Worth EU 500,000 to CEFTA Customers"; 2. "Dutch and Polish Importers and Journalists Very Impressed by Macedonian Wines "; 3. "Cooperation for Mutual Success". For more details see "Success Stories" on the CD-ROM version of this report.
Media Exposures	10 media exposures presenting AgBiz activities accomplished	1. Provided input and give interview to Kapital Magazine for the wine supplement in October; 2. "Road-show of Macedonian Wines to Poland and the Netherlands"; 3. Organized an interview for FF&V Value Chain and Access to Finance Manager for two national media (Macedonian Radio and "Nova Makedonija" newspaper) to introduce the Post-Harvest Handling guidebooks. Prof. Boshkov as an author was featured in the Newspaper as well; 4. In Moja Zemja magazine was published market article entitled as "With AgBiz support Macedonian Exporters Exhibiting at the Moscow Trade Fair"; 5. In Biznis daily newspaper was published AgBiz Success Story related to CEFTA and B2B meeting, entailed as "Vegetables and Fruits for CEFTA in value of 550,000 Euro". For more details see "Outreach Releases" on the CD-ROM version of this report.
Environmental Mitigations	Monitor mitigation measures completed by the end of the grant	Completed. For more details see "Environment Mitigation Measures" on the CD-ROM version of this report.

1.7.2 Work Completed during the Quarter

1.7.2.1 On-line Registration of Employment for Agribusinesses

DESCRIPTION/OBJECTIVES: This activity enables Macedonian agribusinesses to understand the On Line Registration of Employees Application; familiarize with an efficient, easy and time-effective way to fulfill their legal obligation with the Employment Service Agency and provide information on the latest changes in employment laws.



OUTCOME/FOLLOW-UP:

Seventy participants from sixty four companies participated at the workshops held in Strumica, Kavadarci, Shtip and Skopje. The audience included private companies (agribusinesses); local self government entities; Public Communal Enterprises, NGOs and Producer Organizations. The participants had the opportunity to become familiarized with the "On Line Registration of Employees System" application tool and in the same time get trained how to use it. Since all venues had a wireless internet, the presenters were able to provide detailed and step-by-step guidance how to use the system,

starting from: how to obtain the digital certificate, how to install and register the system and how to practically use it. A few AgBiz customers such as Agrolozar/Dalvina and Dentina obtained the system and have started using it. At the presentation held in Strumica, they shared their experiences of system's benefits with those who were not familiarized with the application. Those who have stated using the system, regardless of their business nature, admit that: "they wouldn't go back" and do the work as they did before having the system. Some of the participants said:" It's much more efficient and easy to work".

By using the system, the agribusinesses are able to create and post job announcements, and subsequently register and terminate the selected employees by filling a simple registration form. In addition, the system provides a possibility for employers to review and print a list of all registered employees within the

company. The system provides possibility for individuals to check at any time their current personal employment status, as well as review historic data on previous employments.

The e-Gov Project Contracting Officer Technical representative (COTR), Tanja Markovska joined e-Gov (USAID supported Project) and AgBiz at the workshop held in Shtip and greeted the audience. Since most of the events were media covered, she was interviewed by two local TV stations from Negotino and Kavadarci.

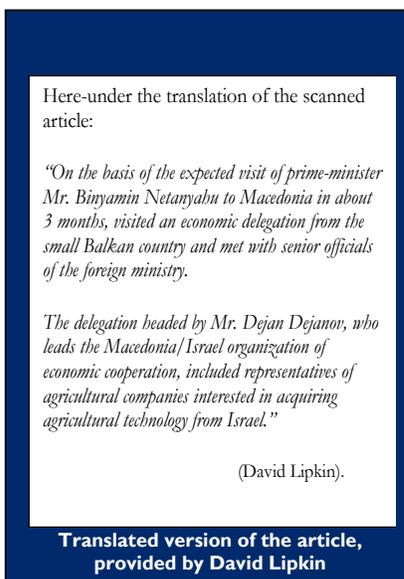
COST: Total Cost: \$2,500; AgBiz Share: in kind contribution by the Outreach, Market Info and Environment Manager

1.7.2.2 **AgBiz CoP Interview on National TV (MTV) with Perica Ivanovski, the Deputy Minister of MAFWE on “Agrar”**

DESCRIPTION/OBJECTIVES: To maintain positive cooperation and keep national media informed about AgBiz work and accomplishments, the program organized a TV interview for the AgBiz Chief of Party for “Agrar”, the agriculture show on Macedonian TV Station. The interview was held on November the 5th 2010.

OUTCOME/FOLLOW-UP: The entire TV show included separate discussions and recorded interviews with several speakers. The Deputy Minister of MAFWE, Perica Ivanovski was the first speaker; and presented MAFWE’s accomplishments and issues related to farmer’s subsidies followed by the interview with the owner of winery “Filovski”, the AgBiz customer. The winery owner shared his experiences from recently completed wine presentations organized in Poland and Holland and gave credit to USAID’s AgBiz for providing support to participating wineries. Shortly after, the AgBiz CoP discussed Program results achieved to date; and activities which are underway with special attention on identified policy and institutional reform needs and developed activities to address the highest priorities.

1.7.2.3 **Macedonian Fresh Produce Exporters Go on Business Mission to Israel – Media Advisory**



DESCRIPTION/OBJECTIVES: AgBiz supported four Macedonian fresh produce exporters – Vivi Prom, GD Tikvesh, Peca Komerc and Dushan Chirich, all members of the Macedonian Agro Exporters Association, to visit modern postharvest facilities and meet their Israeli counterparts. The business mission was organized between the 13th and 16th of December 2010.

OUTCOME/FOLLOW-UP: Media Advisory was prepared and released to all national media, and

disseminated to a broad audience of stakeholders providing information about the activity, and after posted on Program’s website. The article below is published in Israeli newspaper “Maariv”.

I.8 PROGRAM DEVELOPMENT AND IMPLEMENTATION

I.8.1 Detailed Accomplishments vs. Projected Objectives

The following matrices report the results achieved for each Activity versus the objective for that Activity established in the last Quarterly Report.

I.8.1.1 Program Development

Activity	Expected Result	Result Achieved
Prepare No-Cost Extension (NCE) and budget modification to transfer \$34,976 in remaining grant funds into Activities	Tetra Tech Associates in Rural development (ARD) home office will submit and get USAID approval for a budget modification that will transfer the remaining Grant Budget line item balance into Total All Other Costs.	On October 20, 2010 Tetra Tech ARD submitted a Request for NCE and budget modification that will 1) support events and Activities that take place in the spring because of agricultural seasonality; 2) provide additional support to the three newly established trade associations initiated by AgBiz to help them build their capacity and move toward sustainability; 3) achieve a significant number of additional indicators, especially from Activities; and 4) fully and effectively utilize Contract funding savings.
Closely monitor and control budget expenditures to successfully implement a highly leveraged activities program	Monthly budget review based on actual invoices expense tracking and proposing budget and expense correction where necessary.	The performed monthly budget tracking shows that expenditures to date are consistent with the plan.
Prepare AgBiz Close-out check list and discussed it at a Burlington (BTV) and local Management team meeting.	Ensure that USAID regulations regarding project close out are followed in a timely and thorough manner.	Initiated AgBiz Close-out procedure: Held a closeout strategy session and prepared a step by step checklist to be followed from 180 to 0 days till project completion.
Simplify internal policies and procedures where possible, e.g., change time schedule for submitting AC for Annual Work Plan approved activities	AC for Annual Work Plan approved activities can be submitted on any day rather than waiting for a staff meeting	AC for Annual Work Plan approved activities are submitted and approved regularly rather than waiting for a staff meeting.
Prepare Performance Monitoring Plan (PMP) modification, including proposed time and no-cost increased results and indicators	Complete indicator projections based on Activities completed during FY '11, including the proposed time and no-cost increased results. Revise the PMP and get USAID approval.	Completed indicator projections based on Activities proposed with the AWP for FY '11, included in the proposed NCE request. Awaiting USAID approval.
Receive Post-Evaluation Forms of Completed Activities, Assess Data Quality and Enter into the Management Information System (MIS)	Automated M&E MIS updated	Post-evaluation forms of completed activities received, data quality assessed and activity costs adjusted based on monthly financial reports; all information entered in the M&E MIS and filed accordingly.
Collect Data and Analyze Project-Derived Indicators	Quarterly Progress Reports customized and disseminated to responsible Project Coordinators (PCs) to be further distributed to grantees	Project Quarterly Progress Reports were customized and disseminated to responsible PCs that were further distributed to the grantees; received completed reports and updated the matrix for tracking preliminary results on indicators measuring increased production and marketing; collected projections for the first CY'11 quarter, processed data and revised projections for Life of program (LoP)
Develop FY '10 Fourth Quarter Report	Weekly reports produced during the Quarter reviewed and outline Quarterly Report responsibilities developed	Weekly reports produced during the Quarter reviewed; Quarterly Report outline responsibilities developed and input forms customized and distributed; FY'10 Quarter Four and Annual Report finalized in compliance with 508 requirement and submitted to USAID
Update Wine Industry Database	Data on trade flow in Q2 of CY '10 obtained and processed; database updated	Obtaining data pending due to the process of upgrading State Statistical Office's official web site and unavailability to provide data under selected criteria (not disaggregated by quarters)
Importance of Agribusiness to Macedonian Economic Growth Report	Data on Macedonian Agricultural Commodity Exchange in CY'09 obtained and processed; public releases presenting final data on employment in Macedonia and agribusiness share in the Gross Domestic Product (GDP) obtained from the State Statistical Office and processed	Partially obtained data from the publications released by the State Statistical Office, NBRM's website and Agriculture Report, 2009 prepared by MAFWE

1.8.1.2 External Cooperation/Coordination

Activity	Expected Result	Result Achieved
Met with Mike Miteff and Gregory Padgham from Miteff Investments from USA stationed in Dubai, interested to import fresh and processed vegetables for Middle East markets	Operational visit to Macedonia	The operational visit postponed by Miteff Inc. for 2011. Big interest showed by Miteff Inc. for fresh products from Macedonia. Sent AgBiz customer profiles to Miteff Inc. and additional information on PV VC sent via e-mail.
Held a meeting with ERA president regarding possible cooperation on export promotion activities to Slovenia and other EU countries;	ERA is interested to enhance involvement in organization of fairs throughout Europe	Jointly organized the Skopje Fair activities. New fairs abroad could not be planned due to the close out of AgBiz.
Attended "Support to IPARD Preparation" an EU funded Project close –out. EU starts with three new projects on Agri-Environmental measures, Common Market Organizations (CMO) and Support to Integrated Administrative Control Systems in Agriculture	Learn about the new EC projects	Contact established with the new EU project on CMOs
Met with Mr. David Brown, consultant responsible to develop an export marketing strategy for the Foreign Direct Investments Agency of RM	Meet the expert engaged by the agency, learn about the development of the process for strategy preparation	This was initial introductory meeting with all stakeholders in Macedonia that can contribute to the new export promotion strategy of the agency. AgBiz CoP discussed about agricultural sectors supported by the program and the assistance that MakInvest can expect
Prepared a written request for tariff free import of 5,000 tons of red pepper and sent it to the Vice Prime Minister Pesevski	Tariff free quota granted by the GoM	Tariff free quota for import of 3,000 tons of red pepper was granted by the GoM and was officially published in the official gazette of the RM in the beginning of November. Due to the ban for export of red peppers in bulk from Turkey, it is questionable what portion of the granted quota will be utilized by the end of December.
Meeting with representatives of Macedonian-German chamber of commerce	Cooperation between MAP and Macedonian-German chamber of commerce	Macedonian-German chamber of commerce has become official representative of Cologne fair, including Anuga 2011. They will provide support to PV VC members interested to exhibit on Anuga 2011.
Participated on IPARD monitoring committee on December 16, 2010	Obtain information related to IPARD second announcement	Information obtained and forwarded to AgBiz and PV VC members.
Participated on the coordination meeting with economic promoters organized by the Agency for foreign investments and export promotion	Meet and discuss with the promoters their future activities	Contacts exchanged with the promoters.
Meeting with Gabriela Micevska from Center for Sustainable Agricultural Practices and Rural Development (CeProSard)	Cooperation between MAP and CeProSard	CeProSard is interested to involve PV VC members in their activities related to energy efficiency. CeProSard will make an official presentation on the next MAP assembly meeting.
Meeting with Mile Boskov from CERM	Strengthening of the cooperation between MAP and CERM in regards to seasonal employment	Ideas of CERM about solutions for seasonal employment will be sent to MAP board for review. They will include one PV VC representative in their working group
initiate coordination meeting with MAFWE and export oriented wineries to discuss opportunities for exporting wine to China	Identify interest and capacity of Macedonian wineries as well as of MAFWE to coordinate horizontally for possible export to China	It was concluded that not many wineries have the capacity and therefore commitment to work on export to China strategy, nevertheless if supported by the GoM and provide exhibition space and custom duty free warehouse through the Global Trade Center, number of wineries expressed interest
Supporting International Women Association to organize wineries to participate at their traditional Wine & Cheese charity event	Wine & Cheese charity event successfully held on the 19th November in the Skopje City Museum	With AgBiz support 12 wineries participated at the Wine & Cheese charity event and helped International Women Association to gather significant funding that was given as charity but at the same time present their wines to important consumers.
COTR, AgBiz CoP and DCoP – Technical Operations met with the Minister of MAFWE and discussed challenges in the Agribusiness sector and cooperation with AgBiz	Close coordination and cooperation with MAFWE	Confirmed AgBiz important role in the selected VC's and agreed support to a Study Tour and B2B in Sweden and a Ukraine sales mission for Macedonian wine.
Met with Swedish International Development Agency (SIDA) Mission Director regarding their intention to initiate trade relation component between Sweden and Macedonia	Present AgBiz scope and way of support to VC's and learn more on SIDA's future trade relation component and investigate opportunities for cooperation	Discussed opportunities for cooperation in wine business, their initial involvement in the study tour and B2B for Macedonian wineries in Sweden and potential follow up visit in Macedonia for Swedish importers and journalists organized by SIDA
Participated at a Conference for Enhancing Exports of the Republic of Macedonia organized by Ministry of Economy and Invest Macedonia Agency,	Get informed on the views of the international consultant and initial structure of the Invest Macedonia Agency strategy for Enhancing Export as well as the presentation of the proposals from the Chambers of Commerce for enhancing export	Increased understanding on the strategy of Invest Macedonia for Export promotion, particularly for selected most prospect sectors including Agriculture; discussed ideas from the Chambers of Commerce on the ways of Enhancing Export

Activity	Expected Result	Result Achieved
USAID's Annual Democracy and Governance Survey presentation for 2010	Participated at the Democracy and Governance survey findings presentation in Hotel "Stone Bridge" in Skopje	Obtained data for USAID recognition and awareness in Macedonia; perception for level of democracy; human rights; media and judiciary.
Met with Jana Jovanovska from MAFWE forestry department regarding the follow-up on the changes on the law on forests	Shumski Plod further contribute to the full implementation of the proposed changes to the law on forests which were accepted by GoM	Shumski Plod will be contacted in January by MAFWE in order to participate in the workgroup which is drafting the bylaw on Wild gathered Products (WGP's).

1.8.1.3 Staff Development

Activity	Expected Result	Result Achieved
Identify ways to motivate staff to stay until close to end of program activities in 2011, prepare a plan and inform staff about alternative and/or additional job responsibilities	If the need arises, a plan for alternative or additional job responsibilities for current staff will be prepared	<ul style="list-style-type: none"> Completed employment termination procedure and signed consulting contract with Horizontal and Vertical linkages Specialist, per staffing plan for FY'11 Developed plan for shifting the responsibilities for implementation of activities in the FF&V and AtF AoF. The CoP and both Deputy Chiefs of Party (DCoPs) will be responsible for FF&V VC and Access to Finance AoF Activities because of completion of Crimson Capital Subcontract on December 15, 2010
Local Staff Final Year Employment Agreements	Ensure that AgBiz staff employment and associated engagement procedures are USAID, ARD and local labor laws compliant.	Renewed internal employment contract for the CoP as approved by Senior Technical Advisor/Manager (STA/M); Renewed Intern's contract;
Manage quarterly staff evaluations with good feedback on performance	Assist staff with performance evaluation assessment and plan development.	Quarterly Performance evaluations for technical staff with good feedback on performance are completed.

1.8.2 Program Administration and Control

1.8.2.1 Project Implementation

Activity	Expected Result	Result Achieved
Complete proper grant closeout procedure and reports for Dalvina	Final technical report, grantee completion of activities certification, expense report and tax report submitted and expense report submitted by grantee. Internal Checklist and Evaluation sent to Home Office.	Received all required reporting documentation from Dalvina. Grant closed and Certificate of Completion and the Final Technical report sent to HO.
Assure continued grantee results quarterly reporting	Assure that PCs collected and submitted Quarterly Progress Report for each grant that provides assessment of work progress, the constraints encountered and actions to minimize the constraints and results achieved during the Quarter.	PCs collected and submitted Quarterly Progress Reports that provide their assessment of work progress, the constraints encountered and actions to minimize the constraints and/or correct problems.

1.8.2.2 Project Reports

Table 1 below lists the performance of the 20 grantee Projects at the end of CY 2009. The results achieved in Calendar Year (CY) 2010 will become available for reporting next Quarter, after customers submit their financial statements to the Public Revenue Office in February, 2011.

TABLE I. PROJECT STATUS REPORT								
PROJECT NUMBER	PROJECT COORDINATOR	CUSTOMER	CUSTOMER INVESTMENT (US\$)	Cumulative Results Achieved thru December 31, 2009				
				TOTAL SALES GROWTH (EUR)	EXPORT SALES GROWTH (EUR)	INCREASED RAW MATERIAL PURCHASES (EUR)	RURAL HOUSEHOLDS BENEFITED	INCREASED EMPLOYMENT
2	Damovski	Agros 2004	69,059	239,024	126,829	253,496	613	6
3	Damovski	Badzo	42,752	-72,311	1,703	631,968	349	36
13	Damovski	GD Tikves	180,500	1,219,512	682,927	292,683	936	86
16	Damovski	Ledra Agro	150,001	244,901	154,336	131,707	113	15
18	Damovski	Peca Komerc	150,146	1,532,436	1,459,537	998,163	2,574	7

TABLE I. PROJECT STATUS REPORT

			Cumulative Results Achieved thru December 31, 2009					
PROJECT	CUSTOMER							
10	Damovski	Agrohemija	2,046,198	528,455	385,366	528,455	28	28
FRESH FRUITS AND VEGETABLES VC SUBTOTAL			2,638,656	3,692,017	2,810,698	2,836,472	4,613	178
1	MAP	Vipro	429,566	518,113	497,075	150,187	730	15
4	MAP	Avto Ria Dooel	106,898	471,011	410,750	361,789	197	7
5	MAP	Bonum Plus	2,026,120	-517,803	-676,626	102,324	656	35
6	MAP	Dentina	147,394	704,013	592,746	117,886	258	26
8	MAP	Lars	183,428	537,528	527,447	305,691	530	36
PROCESSED VEGETABLES VC SUBTOTAL			2,893,406	1,712,862	1,351,392	1,037,877	2,371	119
7	Damovski	Kokolanski	35,380	-4,487	-4,756	14,242	152	-2
12	Damovski	Flores	110,940	-1,026,812	-1,058,754	-330,658	3,024	8
14	Damovski	Inter-Mak	510,600	-311,211	-313,324	346,471	1,508	41
15	Damovski	Koro	108,000	560,382	299,693	-39,876	10,734	8
19	Damovski	Vigan	350,000	243,577	260,163	178,537	3,507	1
WILD GATHERED PRODUCTS VC SUBTOTAL			1,114,920	-538,551	-816,978	168,716	18,924	56
11	Damovski	Bovin	277,665	157,006	-133,559	88,066	177	1
17	Damovski	Valandovo Winery	361,362	-120,445	-76,587	55,869	981	152
9	Damovski	Popova Kula	169,468	18,316	-35,073	-81,301	169	27
20	Damovski	Agrolozar/Dalvina	476,466	55,691	30,114	260,163	151	27
WINE VC SUBTOTAL			1,284,961	110,568	-215,105	322,797	1,478	208
GRAND TOTAL			7,931,943	4,976,896	3,130,007	4,365,862	28,405	561

1.8.2.2.1 Environmental Protection

Table 2 on the following page shows the status at the end of the Quarter of the environmental mitigation measures included in Project grants. As can be noted from this table, the vast majority of mitigation measures has been completed or is proceeding as scheduled. For more details see “*Environment Mitigation Plan*” on the CD-ROM version of this report.

1.8.2.3 Activity Reports

1.8.2.3.1 Activities Status

Table 3 shows the status of all Activities at the end of the Quarter, as well as the achieved impact of completed Activities. Activities completed during the Quarter had a total cost of \$202,372 to which AgBiz contributed 28%. Completed Activities provided support to 13 trade associations or producer organizations and 85 agribusinesses. Ten new export customers were identified by the participants in completed Activities and that resulted in receiving over €0.8 worth of export orders. Participants gave the Activities an average satisfaction score 4.57 out of 5.0.

TABLE 2. IMPLEMENTATION STATUS OF ENVIRONMENT MITIGATION MEASURES

Grantees	Pesticide Training	Harvester Maintenance	Public Participation	Screening	Flash Freezing	Asbestos Signs	Metal Roofing Supports	Cleaner Production	Waste Water Treatment	Waste Water Report	Chemical Storage	Agrochemical Storage	Dust	Good Agricultural Practices (GAP)	Fumigation	Permits	Supplemental Pollution Prevention Assessment	Monitoring	Agrochemical Storage	Material Safety Data Sheet	Fumigation	
Agros 2004	√	√	√																			
Avto Ria			√	√	√																	
Badzo			√			Δ		Δ														
Bonum plus			n/a			Δ		√	Δ							√		√				
Dentina			√			√		√	√		√					√		√				
Kokolanski			√					√								√		√				
Lars	n/a		n/a			√		Δ	√							√		√				
Popova Kula	√		√						√							√		√				
Vipro			√			√	√	√	√							Δ		Δ				
GD Tikvesh	√		√													√						
Agrohemija	√		√									√				√						
Valandovo	√		√					√		√		√				√		√		√		
Bovin	√		n/a					√								√		√				
Vigan			√						√							√		√		n/a		
Ledra Agro	√		√													Δ		√				
Flores			*			√							√	√		*						
Koro			n/a													√						√
Peca Komerc			√													√				√		
Agrolozar Dalvina	√		n/a						*							*	√	√				

LEGEND

√	completed to date
n/a	not applicable
*	scheduled to be completed by end of the grant
Δ	to be completed upon the "Environment Mitigation Monitoring Plan (EMMP)" included in the CD-ROM version of this report

TABLE 3. ACTIVITIES STATUS REPORT

POSSIBILITIES												
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			DESCRIPTION / COMMENT					
				TOTAL	AGBIZ	AgBiz Percentage						
231	Modern Post Harvest Handling Technology Capacity Building and Establishing Market Linkages with Serbian Buyers	Hadzievski		0	0	0 %	Understand buyout and sales practices of Serbian import companies in the Novi Sad and Belgrade Wholesale market					
236	PV VC Members Study Tour and Promotional Event in Ukraine	Risteski		0	0	0 %	Identify new potential importers interested to cooperate with PV VC members and promote Macedonian processed vegetables products					
237	Expanding Trade Cooperation with Importers from Kosovo	Hadzievski	OBCK	0	0	0 %	Strengthen business relations of Macedonian fruit and vegetable producers and traders with Kosovar customers					
890	Support to WoM Association by Costs Sharing for an Administrative Assistant and Office	Damovski	WoM	0	0	0 %	Enable effective operation and develop the visual identity of the association					
238	Wine VC Members Study Tour and Promotional Event in Ukraine	Damovski		0	0	0 %	Learn more about preferences of the consumers, distribution channels and competition on the market in Ukraine					
239	Wine VC Members Study Tour and Promotional Event in Sweden	Damovski		0	0	0 %	Learn more about preferences of the consumers, distribution channels and competition on the market in Sweden					
323	International BeoWine Fair and Promotion of Macedonian Wines in Serbia	Damovski		0	0	0 %	Support Macedonian Wineries to exhibit at the Second International BeoWine Fair and Promote Macedonian Wines in Serbia					
TOTAL				0	0	0 %						
APPROVED AND UNDER DEVELOPMENT												
322	Fruit Logistica 2011 Trade Fair	Lazovska		41,120	7,241	18 %	Contacts with potential buyers, produce marketers, consolidators, wholesalers that might result in creating future strategic partnerships and strengthening linkages with participants existing customers					
887	Develop a Feasibility Study and Business Plan for an Association/Producer Organization Management Entity	Angelovski		300	300	100 %	Develop a feasibility study and business plan for an association/producer organization management entity that will manage one or multiple associations/producer organizations					
888	Assessment of the Potential and Challenges for Developing Producer Organizations in Macedonia with Recommendations for AgBiz Support	Angelovski	SNV	2,200	1,200	55 %	Viable suggestions for the development of relevant PO development national legislation					
883	Develop a Website for MAEA	Angelovski		1,290	450	35 %	Increase the visibility and marketing potential of MAEA on an international and national level					
TOTAL				44,910	9,191	20 %						
ALL AGREEMENTS SIGNED AND IN IMPLEMENTATION												
876	Support the WoM to Acquire Relevant Market Information by obtaining Euromonitor's "Passport" Package	Damovski		8,840	3,965	45 %	Provide detailed and up to date data information on regional and European wine markets that will enhance successful bottled export development					
884	Pre & Postharvest Handling Technology Manual for Horticultural Crops	Lazovska		2,810	2,810	100 %	Increase understanding and knowledge of Macedonian FF&V participants in advanced post-harvest handling technologies for FF&V					
885	Processed Vegetable Value Chain Management & Support	Risteski		8,497	8,497	100 %	Coordinate PV VC export competitiveness enhancement					
882	Transfer Post-Harvest Handling Technology for Selected Agriculture Commodities to PO, Farmers, and Agribusinesses Through Moja Zemja	Stankovic		10,100	1,800	18 %	Increasing the understanding and knowledge of Macedonian FF&V participants in advanced post-harvest handling technologies for FF&V					
TOTAL				30,247	17,072	56 %						
COMPLETED												
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			# of Producer Organization / Business Associations that received assistance	# of Agribusinesses firms that received assistance	Value of new orders (in EUR)	# of New Customers	# Individuals Received Assistance (evaluation score)	
				TOTAL	AGBIZ	AgBiz Percentage					TOTAL	Average score
233	Road-show of Macedonian Wines to Poland and Netherlands and a Buyers'	Damovski	CBI	87,481	17,843	20 %	0	10	58,000	3	20	4.68

TABLE 3. ACTIVITIES STATUS REPORT

	Mission to Macedonia											
873	Poland and Holland follow up Buying Mission in MK with CBI	Damovski	CBI	0	0	0 %	0	12	-	0	22	0.00
877	Wine industry performance survey 2009	Damovski		5,046	3,146	62 %	1	0	-	0	0	0.00
WINE AoF SUBTOTAL:				92,527	20,989	23 %	1	22	58,000	3	42	4.68
871	Production of value added Viktorija Table Grape for International Market	Risteovski		33,181	5,181	16 %	1	5	-	0	26	0.00
234	Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies	N/A	MASHAV	19,379	4,413	23 %	1	5	-	0	6	4.65
FRESH FRUIT AND VEGETABLES AoF SUBTOTAL:				52,560	9,594	18 %	2	10	0	0	32	4.65
321	IndAgra Food Fair 2010	Risteovski		17,632	5,472	31 %	0	5	100,000	3	5	4.40
PROCESSED VEGETABLES AoF SUBTOTAL:				17,632	5,472	31 %	0	5	100,000	3	5	4.40
875	Assessment of the Impact government subsidy program on export competitiveness of Macedonian agribusiness	Hadzievski		5,517	5,517	100 %	0	0	-	0	0	0.00
230	CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries	Hadzievski	MAFWE; SWG	11,151	1,146	10 %	1	18	550,000	4	84	0.00
878	Assessment of the Impact on AgBiz Supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting	Hadzievski		4,550	2,750	60 %	0	0	-	0	0	0.00
140	Follow up on Contract Farming Assessment - Public-Private Dialog to Address the Findings of the Assessment	Hadzievski		0	0	0 %	3	3	-	0	13	0.00
POLICY AND INSTITUTIONAL REFORM AoF SUBTOTAL:				21,218	9,413	44 %	4	21	550,000	4	97	0.00
222	IPARD Study Tour in Bulgaria for Banks Representatives	Risteovski		7,087	5,459	77 %	0	4	-	0	5	0.00
ACCESS TO FINANCE AoF SUBTOTAL:				7,087	5,459	77 %	0	4	0	0	5	0.00
879	Supporting MAEA to develop Five Year Strategy and Action Plan for the First Year	Angelovski		8,848	5,948	67 %	0	0	-	0	15	0.00
HORIZONTAL AND VERTICAL LINKAGES AoF SUBTOTAL:				8,848	5,948	67 %	0	0	0	0	15	0.00
135	Support Macedonian Agribusinesses to Utilize the On-line Registration of Employees System	Stankovic	e-Gov	2,500	0	0 %	6	23	-	0	70	0.00
OUTREACH/MI/ENVIRONMENT AoF SUBTOTAL:				2,500	0	0 %	6	23	0	0	70	0.00
TOTAL				202,372	56,875	28 %	13	85	708,000	10	266	4.57
ON HOLD OR DROPPED												
MIS Code	ACTIVITY	COORDINATOR	PARTNERS	*ACTIVITY COST (US\$)			DESCRIPTION / COMMENT					
				TOTAL	AGBIZ	AgBiz Percentage						
139	FDA Application and Registration Workshop	Risteski		0	0	0 %	Dropped because the USDA office from Sofia was not in a position to provide an US expert that would conduct the training					
TOTAL				0	0	0 %						

1.8.2.4 Agreements Signed Report

Table 4 below shows that a total of 6 agreements were signed in Macedonia during the Quarter worth \$17,007. Nearly all agreements were with Macedonian companies or individuals.

TABLE 4. AGREEMENTS SIGNED							
No.	Company/Person	Type of Contract	SUMBITED TO USAID	USAID CO	USAID COTR	Signed	US\$
	IndAgra Fair Romania PV VC	AD	23-Oct-10	NR	25-Oct-10	NA	
	IndAgra Fair Romania PV VC	MOU MAP	24-Oct-10	NR	26-Oct-10	26-Oct-10	
095	Macedonian Association of Processors	FFPC	8-Oct-09		14-Oct-09	1-Oct-10	\$5,500
	PHH Guidebook	AD	2-Nov-10	NR	4-Nov-10	NA	\$5,233
	MAEA Web Site	AD	10-Nov-10	NR	10-Nov-10	NA	
	Feasibility Study and BP for AMC	AD	19-Nov-10	NR	19-Nov-10	NA	
	FF&V PHH Manuel	AD	29-Nov-10	NR	29-Nov-10	NA	
	FF&V PHH Manuel, Krum Boshkov	Consulting agreement	29-Nov-10	NR	29-Nov-10	3-Dec-10	
	Israel ST	AD & Travel	2-Dec-10	NR	2-Dec-10	NA	\$2,336
096	Israel ST, SAMARA	FFPC	2-Dec-10	NR	2-Dec-10	6-Dec-10	
	Israel ST	MOU MAEA	2-Dec-10	NR	2-Dec-10	7-Dec-10	\$3,938
	Assessment of Developing POs	AD	15-Dec-10	NR	23-Dec-10	NA	
	Assessment of Developing POs	MOU SNV	15-Dec-10	NR	23-Dec-10	20-Dec-10	
	Market Info Euromonitor	AD	23-Dec-10	NR	23-Dec-10	NA	
	Fruit Logistica 2011	AD	29-Dec-10	NR	29-Dec-10	NA	
TOTAL							\$17,007

1.8.3 Quantitative Performance Indicators

This section describes key indicator accomplishments during the Quarter (Table 5).

DESCRIPTION: AgBiz performance indicators are a set of quantitative measurements used to present program results to AgBiz management and USAID.

OBJECTIVE: Use of performance indicators as both a management tool allows for the tracking of Project results and Activity implementation, as well as for preparation of progress reports for USAID.

OUTCOME: Based on the assumption that the AgBiz request for a NCE is approved and therefore the timeframe for implementing additional USG supported interventions is extended, all Indicators were revised and objectives for FY'11 were established. Achievements on indicators that are reported on Quarterly basis are shown in Table 5 below.

Progress toward achieving qualitative program objectives was satisfactory during the Quarter, and almost 65% of the newly projected Indicators are on schedule or are being slightly overachieved. Since FY '11 will only have eight months of significant AgBiz operations and this quarter represents three months, 37.5% of the anticipated FY has been completed. Therefore, any indicator completion percentage that is equal or greater than 37.5% is on schedule. Nine out of the 14 indicators that have a positive FY objective are equal to or greater than 37.5%. AgBiz believes all FY '11 indicators will be achieved as scheduled.

The implementation of human resource capacity enhancement Activities involved 266 individuals from 24 not previously assisted agribusinesses (total of 85 agribusinesses that benefited from Program's direct intervention), four additional POs and one new Trade and Business Association during the First Quarter. Financing opportunities worth of \$270,000 were identified for eight customers.

The participation of 33 customers in the IndAgra 2010; CEFTA Conference and B2B meetings between Exporters and Importers from Macedonia and SEE Countries; and Road-show of Macedonian Wines to Poland and Netherlands resulted in over €0.8 million worth of new orders.

Around \$150,000 of investment was stimulated from customers, and AgBiz contributed an average of 28% of the total direct cost of Activities implemented during the Quarter, thus achieving very good resource leveraging.

TABLE 5. FIRST QUARTER INDICATORS ACHIEVEMENTS				
INDICATORS	This Quarter	FY to Date	Fiscal Year 2011 Objective (Oct 1, 2010 – Jun 18, 2011)	Performance (FY%)
1. Increased Raw Material Production and Products Marketing				
1.11 Value of new orders (in 000 Euros) from Trade Fairs, B2B Meetings and Fast Track Projects	804	804	2,810	29 %
1.12 Number of new customers from Trade Fairs, B2B Meetings and Fast Track Projects	10	10	31	32 %
2. Increased Coverage and Assistance to Value Chain Participants				
2.1 Number of Producer Organizations receiving assistance	4	4	8	50 %
2.3 Number of Agriculture-related Firms receiving assistance	24	24	117	21 %
2.4 Number of Trade and Business Associations receiving assistance	1	1	2	50 %
3. Building Human Capacity				
3.1 Number of male individuals who have received short-term agriculture or agribusiness productivity enhancement training	125	125	796	16 %
3.2 Number of female individuals who have received short-term agriculture or agribusiness productivity enhancement training	141	141	250	56 %
4. Value of Investment Stimulated and Leveraging Achieved				
4.1 Value of customer investment stimulated (000US\$)	146	146	232	63 %
4.2 Value of third party domestic investment stimulated (000US\$)	0,00	0,00	0,00	0 %
4.3 Value of total domestic investment stimulated (000US\$)	146	146	232	63 %
4.4 Value of foreign direct investment stimulated (000US\$)	0,00	0,00	0,00	0 %
4.5 Leveraging Achieved by AgBiz (%)	28 %	28 %	26 %	93 %
5. Increased Access to Finance				
5.1. Value of customer financing (potential loans) identified (000US\$)	271	271	250	108 %
5.2. Number of new customers provided access to finance assistance	8	8	11	73 %
7. Policy and Institutional Reform				
7.1. Number of policy and institutional constraints identified and prioritized	3	3	21	14 %
8. Outreach				
8.1. Number of Success Stories produced and published	3	3	14	21%
8.2. Number of media exposures (TV, Radio and Newspaper)	10	10	22	45%

2.0 OPERATIONAL CHALLENGES ENCOUNTERED

Most of the operational challenges previously reported remained in effect during the Quarter. Key AgBiz operational challenges encountered are outlined below, separated into external and internal challenges.

2.1 EXTERNAL

The following are operational challenges over which AgBiz has minimal control. However, descriptions of the program's positive impacts are indicated where applicable.

2.1.1 Global Economic Crisis

2.1.1.1 *Influence of the Economic Slowdown on the Financial Sector*

During the Quarter, loan procedures have returned to pre-crisis practices, collateral requirements and the average approved loan amount was identical to that of the previous quarter and the pay-back period now averages seven years. Restrictions regarding interest rates and collateral, especially on real estate loans, were less rigid than last year. Interest rates have stabilized. The time period between loan application and disbursement is similar to that of before the crises. Central Bank measurements taken during the Quarter indicate the possibility of decreasing interest rates, and the Central Bank decreased interest rates for treasury bills and reserves for disbursed loans. The €100 million loan from the European Bank for Reconstruction and Development (EBRD) managed by Macedonian Bank for Export Promotion (MBEP) and disbursed through seven commercial banks has reached almost 70% rate of utilization by Macedonian companies. Nevertheless, the uncertainty and the effects of the crisis created certain pessimism and reduced the enthusiasm of the companies for investment so they are reluctant to use loans for expanding their operations, thus few banks noted there although they have available finances, there are limited number of good projects to be financed.

2.1.1.2 *Influence of the Economic Slowdown on AgBiz Value Chains*

Fresh Fruits and Vegetables: The economic slowdown for the FF&V VC was partially solved and has somewhat improved during the Quarter. The issue of receivables from big export customers such as Konzum, Merkator and Delta is still a problem but Ukraine and Russia, AgBiz customers' focus markets, contributed significantly for improvement. Requests for advance payment by AgBiz customers, good quality Macedonian FF&V and competitive prices were this Quarter's main characteristics. In the area of delayed receivables collection and the associated negative impacts on cash flow, it was necessary to reassess bank relations. Availability of finance, new loan application procedures and collateral requirements have become satisfactory, and almost on the levels seen before the crises. Export insurance is still an appropriate mechanism for insuring receivables' collection. A minimum of 90% of approved exports can be covered and insurance policy can be used as collateral for short-term loans (very similar to factoring), thereby making significant improvements in cash flow. This product improves export sales and helps to minimize payment risk for sales not covered with a letter of credit or guarantee. During the Quarter, by supporting FF&V VC participants through arrangement and facilitation of the CEFTA Conference and B2B meetings with buyers from Slovenia and Croatia, the Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies,

AgBiz tried to balance for the effect of global economy slowdown and enhance FF&V sustain current and enter new markets.

Processed Vegetables: The global economic crisis reduced working capital of the processing companies available for buying fresh vegetables. Although they had difficulties to secure enough financial resources for the processing season 2010, most of the PV VC members managed to successfully complete their production plans. Quantities of raw materials acquired by the industry in 2010 slightly increased compared to the quantities from 2009. According to preliminary information, the 2010 season will outperform the previous year and will continue throughout 2011. Yet, increase in prices of production inputs (jars, lids and particular energy) might negatively affect the overall profitability of the companies since significant rise of export prices is not foreseen.

The international markets are expected to stabilize and increase their orders for Macedonian processed products. Increased penetration and sales on regional markets are also envisioned.

Wine: As in most of the other economic spheres wine business is slowly recuperating from the crisis. The implications of the global economic slowdown on the wine consumption are gradually overcome, so conservative projections from importers have softened. Nevertheless, as expected the surplus of wine in almost all price segments as well as trading down due to the crisis has dropped the prices of wine overall. Unfavorable climatic conditions with extreme rainfalls and floods in big part of Europe during the harvesting season, gave some balance to it but still bulk wine price is pressured to 25 euro cents where as the average Macedonian bottled wine is being exported for around 1.24 euro.

Besides significant quantity of unsold wine inventory and lack of financial resources that limited wineries to purchase grapes for raw material, the harvest was slightly shortened by rainfalls so the estimations are that 80% of the grapes were harvested. The Macedonian wine industry continues to focus on stabilizing current markets and identifying new export market opportunities but possible sluggish export sales in the next period and lack of favorable access to financial resources will additionally burden agreed payment terms for this season's buyout.

2.1.2 Development and Implementation of a Well-Coordinated and Supported Approach to Export Promotion

Although expected much earlier, at the end of the quarter Invest in Macedonia Agency engaged an international consultant to work on the Export Promotion Strategy and Recommendations on Reconstituting InvestMacedonia. He consulted most of the relevant parties including Ministries, Agencies, and donors, representatives of the private sector companies as well as various constituents and the donors including and assessed the situation. The consultant was supported by USAID's Business Environment Activity and also coordinated with the Macedonian Chamber of Commerce, Union of Chambers of Commerce Chamber of West Macedonia and Information Technology (IT) Chamber as well as the cluster groups formed under the Ministry of Economy.

AgBiz CoP had a meeting with the consultant and shared Program views and experience in enhancing export. He offered AgBiz assistance in further development of the strategy related to AgBiz supported VC's and discussed possible direct collaboration with Invest in Macedonia Agency in implementation of export enhancing activities. The Agency together with Ministry of Economy (MoE) organized a conference to present the first draft of the strategy outline and discussed it with stakeholders. It is expected that the Strategy is developed and adopted in the first quarter and started implementing in the first half of 2011. Invest in Macedonia Agency continued to expand its network of Economic Promoters. Three export promoters were appointed to Serbia, Bulgaria and Slovenia, to Germany beside the actual one, an additional promoter was appointed, while the promoter for the USA was replaced with a new export promoter.

MAFWE's Strategy for Viticulture and Wine and finalization of the Wine Sector Export Marketing Plan for exporting into the EU have been delayed due to certification of the name Macedonia as Protected Geographic Indication for wines coming from Greece and implications on the export of Macedonian wines. The specific Marketing Plans for each of the targeted country as part of the Wine SEMP will be adequately modified and finalized during the next quarter. It is expected SEMP and the MAFWE's

Strategy to significantly contribute to the development of Invest Macedonia Strategy for Enhancing Export and defining concrete export promotion actions for Macedonian wine.

AgBiz worked very close with MAFWE's Directorate for Economic Affairs in MFA and both Chambers of Commerce on developing promotional event in Sweden as alternative market for Macedonian wines and in Ukraine for both wine and processed vegetables. AgBiz supported national trade associations WoM, MAEA and MAP continued to strengthen its capacity for improving horizontal coordination and joint efforts for promotion of VC's products on intraregional and international markets. AgBiz will continue its commitment to cooperate with Invest Macedonia Agency and contribute to a well-coordinated approach to export promotion.

2.1.3 Effective IPARD Utilization

As result of the first IPARD application announcement, 27 projects were accepted for co-financing in total. Although the Agency for Financial Support of Agriculture and Rural Development (or Payment Agency) expressed its satisfaction with the large number of applications received for EU IPARD funds, there were some issue that needed to be addressed and enhanced including transformation of agricultural into construction land and issuing timely construction permits.

The second call for application was published on September, 30, 2010. The announcement was valid 60 days from the day of publishing of the Public Call, meaning that it was open until close-of-business on November 29th, 2010. The projected funds for the second Public Call total €40,028,365, out of which 75% are contributions from the EU and 25% are contributions from the Republic of Macedonia Budget that will be calculated in MKD national currency with prevailing exchange rate as in September 2010.

The preliminary results of the second call were presented on the IPARD monitoring committee meeting (MAP coordinator is a full time member of the committee), which took place on December 16, 2010. 112 applications in total were submitted to the payment agency, out of which 67 were for measure 101 (improvements in primary production); another 25 for measure 103 (improvements and upgrading of the processing facilities); and the remaining 20 were for measure 302 (rural development). According to the representatives of the European Commission present on the meeting, IPARD plan for Macedonia would not change and/or prolong. Financial changes of the plan are also not foreseen, and therefore, the responsible institutions should become more supportive and make all the efforts in order to foster utilization of the funds by the private sector.

2.1.4 Holding Current Positions in ex-Yugoslavia Markets while Entering New, Developed Markets

Ex-Yugoslavian market remained the main destination for fresh fruits and vegetables as well as bottled wine and no2 market for processed F&V. Macedonian exporters continued to fight against increasing competition, trying to fulfill the requirements for better quality products with better packaging. The challenge for Macedonian exporters is even bigger having the current very difficult economic conditions. Big supermarkets and HoReCa channel delay's payments for more than 180 days creating additional pressure on the cash flow that very few Macedonian exporters can stand.

In this Quarter, AgBiz continued assisting exporters to maintain and strengthen its position on the ex-Yugoslavia markets. The Program Co-sponsored together with MAFWE and SWG the regional CEFTA Conference where all free trade agreements within CEFTA but also insufficiencies in the regional trade were discussed and actions for improvement recommended. The conference was followed by B2B meetings between Macedonian agro exporters and buyers from the region. It resulted with significant interest for promotion of Macedonian wine and FF&V as healthy food, where new orders were made at a value of approximately €550.000, primarily for fresh fruit and vegetables.

AgBiz started the preparations for supporting wineries to enhance its presentation at the Beo Wine Fair that will be held in late February in Belgrade Serbia but also advised on and encouraged several other initiatives of individual companies for sustaining and expanding sales in ex-Yugoslav countries.

2.2 INTERNAL TO AGBIZ

Progress on resolution of the challenges outlined in this section is important to the success of AgBiz and is, to a great extent, under the control of AgBiz and/or USAID.

2.2.1 Request for Approval of a Three-month No Cost Extension

During this Quarter a Request for No Cost Extension (NCE) of three-months and a Budget Modification for USAID's AgBiz Program was submitted. ARD believes a No-Cost Extension would benefit Macedonian agribusinesses and significantly enhance the impact of the AgBiz Program by 1) being able to support events and Activities that take place in the spring because of agricultural seasonality; 2) providing additional support to the three newly established trade associations initiated by AgBiz to help them build their capacity and move toward sustainability; 3) achieving a significant number of additional indicators, especially from Activities; and 4) fully and effectively utilizing Contract funding savings.

The budget and contract modification for the AgBiz Program will enable reallocating savings from the Grants budget line item to All Other Direct Costs in the amount of \$34,976. These funds will be spent for value chain competitiveness enhancement Activities during the NCE period.

2.2.2 Effective Implementation Policy and Institutional Reform Work

During the Quarter, Policy and Institution Reform (PIR) identification and prioritization work continued. Coordination with the e-Gov project initiated in the last quarter, continued in this one with several more presentations throughout the country on electronic registering of regular and seasonal employment in the agricultural sector. The new Law on Agriculture and its regulations for contract farming was tested during the summer, and AgBiz completed the assessment of its utilization, as well as the utilization of other buyout agreements. As a follow up, AgBiz organized a round table for Public-Private dialogue to directly transfer the reactions of the AgBiz supported Value Chains representatives. Despite all efforts of AgBiz and its partners from the private sector to contribute to improved legislation in individual cases, the program is constantly facing the need for policy reforms.

For more effective PIR work in the upcoming period, AgBiz will get involved in the efforts of the MAFWE to establish subsectors' working groups that as a part of the Agriculture and Rural Development Council, so the representatives of the AgBiz supported VCs have direct and continuous contact with MAFWE regarding PIR. The government supported the proposed amendments to the regulations for taxation of wild gathered products and it is a matter of time before it is adopted by the parliament. Maximizing the role of trade associations remains a priority for AgBiz.

2.2.3 Market Information

Limited access to relevant market information will remain one of the most serious impediments for more successful market entry and sustainability. Through all its activities AgBiz strongly demonstrates the importance of having relevant and comprehensive market information to optimize export marketing efforts.

To allow FF&V VC participants to widely benefit from the expertise and knowledge gained from study tour visits to UC Davis California and South Africa, derived from key findings and lessons learned, AgBiz started publishing a series of small brochures containing technical information on post-harvest technology tomato, pepper, onion, potato, grape, peach, apple, cherry, plum and cucumber. Based on previous good cooperation technical brochures are being distributed through *Moja Zemja* magazine so the market information are spread throughout the VC. This way FF&V producers and processors will be able to consult and comply with latest trends in post harvest handling, thus secure the quality and prolong the shelf life of fresh produce that will ultimately increase their productivity and competitiveness.

With a small delay, WoM managed to provide the necessary pre-requisites including registration of www.wom.mk web domain and signed contract for office rent within the primacies of the Macedonian Chamber of Commerce. At the end of the quarter the Association, supported by AgBiz signed a contract

for getting access to Euromonitor's Passport market information service containing comprehensive and relevant market data for all EU and regional wine markets for a period of 12 months. This market information package will allow WoM members and through AgBiz all other interested wine VC participants, substantially better understand the most current wine markets conditions and profound consumer insights and serve as a more convenient window to knowledge on the wine markets and trends.

3.0 FINANCIAL REPORT

The First Quarter financial report is shown below. The report indicates that with 94% of the program term completed, 94% of the total budget has been invested. The original program budget projected greater expenditures in the first three years, so expenditures to date are consistent with plan.

CONTRACT No. EDH-I-03-05-00006-00					
Macedonia AgBiz					
Quarterly Report					
CONTRACT EXPENDITURES through December 31, 2010					
Category	Contract Budget	Incurred as of 9/30/2010	Quarterly Costs 10/1/10-12/31/10	Total Costs Accrued as of 12/31/10	Remaining
Total All Other Costs	\$5,109,339	\$4,608,880	\$197,108	\$4,805,988	\$303,351
Grants	\$500,000	\$465,024	\$ -	\$465,024	\$34,976
SUB TOTAL CONTRACT	\$5,609,339	\$5,073,904	\$197,108	\$5,271,012	\$338,327
FEE	\$240,620	\$207,089		\$207,089	\$33,531
TOTAL CONTRACT	\$5,849,960	\$5,280,993	\$197,108	\$5,478,101	\$371,859

4.0 PLANS FOR THE FIRST FISCAL QUARTER OF 2011

The following sections outline expected AgBiz results for the second quarter of FY '11, organized by AoF. These results will be compared to actual results in the second quarterly report. In the second quarter, AgBiz will continue to identify, develop, seek approval for and implement VC and selected AoF competitiveness enhancement activities.

Activity	Expected Result	Projected Completion Date
Fresh Fruit and Vegetables AoF		
Modern Post Harvest Handling Technology Capacity Building and Establishing Market Linkages with Serbian Buyers	Visit Modern Post Harvest Handling Centers in Serbia to better understand specific market requirements, hold B2B meetings to strengthen partnerships and expand export sales; Activity completion	February 5
Austria B2B and Promotion of Macedonian FF&V	Establish contacts with Austrian FF&V importers and HoReCa channel participants & promote Macedonian produce; Activity completion	March 23
Workshops and training regarding PHH of FF&V with STTA Breasting as follow up of Croatia Study Tour	Present the key findings of the PHH Manual and best practice in using of contemporary cold storage technology to FF&V exporters; Activity being implemented	March 31
World Food Trade Fair Exhibition 2010, Moscow, Russia	Six-month Follow-up Report completed	March 31
Fruit Logistica 2011 Trade Fair	FFPC developed and approved, MoU with MAEA signed, Activity completion.	February 28
Fresh Fruit and Vegetables Post Harvest Handling Manual	Manual to be completed in February when a Workshop to present the findings in the Manual will be organized. Activity completion.	February 28
Buying mission in Macedonia as Croatia & Slovenia B2B Follow up	Activity being implemented, contracts signed	February 25
Develop a Web Page for MAEA	Activity completed	February 18
Support to MAEA by Cost Sharing a Professional Manager and Office	AD approved, MoU signed, Activity under implementation	March 31
GlobalGAP Group Certification Overview Training for MAEA Members and FF&V VC Participants	AD approved, Activity under implementation	March 31
Processed Vegetables AoF		
Study Tour and B2Bs in the Ukraine	AD developed and approved, Lol/MoU signed, completion of the activity	February 24
Establishing a Joint Brand/Export Company	AC and AD developed and approved, Lol/MoU signed, completion of the activity	March 31
Survey on the Performance of the industry in 2010	AC and AD developed and approved, Lol/MoU signed, start of the activity	March 31
Participation on IndAgra Fair in Romania (3 month follow up)	Complete the 3 month follow up and report the outcomes	February 16
Study Tour and B2Bs in Germany	AC and AD developed and approved, Lol/MoU signed, completion of the activity	March 31
Wine AoF		
Support the WoM to Acquire Relevant Market Information by obtaining Euromonitor's "Passport" Package	Utilizing the access to MIS Euromonitor	March 31
Industry Performance Follow-up Presentation	Final results of the survey and analysis of the information obtained shared with all wineries and other wine VC stakeholders including MAFWE, Macedonian Chamber of Commerce, Union of Chamber of Commerce and grape growing associations presented	February 28
International BeoWine Fair and Promotion of Macedonian Wines in Serbia	Reignite and confirm interest from importers and journalists in Serbia for Macedonian wines and stimulate B2B; Activity completed and Report prepared	February 27
Sales Mission to the Ukraine	Promote Macedonian wine and encourage B2B Meetings with wine importers and distributors in the Ukraine; Activity completed and Report prepared	March 15
Study Tour and B2B to Sweden	Better understand the wine market in Sweden, get in touch with the most relevant importers and monopoly representatives and identify new Swedish market entry opportunities; AC and AD developed and approved; Activity completed and Report	January 28

Activity	Expected Result	Projected Completion Date
	prepared	
Vranec Forum	Provide scientific evidence and features of Vranec/Kratoshija as a leading domestic indigenous variety; AD approved; Contracts signed	March 31
Develop WoM Operational Plan 2011	Operational Plan 2011 developed	March 31
Support to WoM Associations by Cost Sharing a Professional Manager and Office	Support WoM to develop its capacity to be able to function sustainably; Activity being implemented	March 31
Investigate Opportunities for Joint Bottle and Other Inputs Supply	Assessed needs and evaluated offers for Joint Bottle and Other Inputs Supply; AC and AD developed and approved	March 31
Identifying Appellation of Origin	Initiate the process for defining the procedures for registration of appellation; Activity being implemented	March 31
Wine SEMP Follow up Donor Conference	Present the SEMP and Investigate opportunities for funding the implementation; Activity completed and Report prepared	March 31
Demand Supply Planning Conference WINE	Better demand-supply planning, relevant fact-based dialogue between grapes growers and wineries, more analytical approach to overall development of the VC; Activity completed and Report prepared	March 1
Policy and Institutional Reform AoF		
Follow up with MAEA (FF&V VC) on Subsidies Assessment	Have a workshop with MAEA and MAFWE and present the key findings of the assessment.	February 27
Follow up on Seasonal Employment Assessment - forming working groups for proposing legislation changes	Working groups established and proposing amendments	March 10
B2B meetings in Kosovo with CEED - OBCK	Visit OBCK and CEED and learn about their services for MK companies exporting to Kosovo and have B2B meetings with Kosovo importers	February 20
Access to Finance AoF		
Workshop on Innovative Ways of Financing - including IPARD related products with Banks and other Financial Institutions' representatives, MBPR, MAFWE & the Wineries	Facilitate banks and other Financial institutions' representatives, MBPR, MAFWE & the Wineries to openly discuss financing issues in the wine VC and encourage them to identify better and innovative ways of financing; Activity completion	February 25
Workshop on innovative ways of financing including IPARD related products with Banks and other Financial Institutions' representatives, MBPR, MAFWE & the FF&V producers and exporters	Facilitate banks and other Financial institutions' representatives, MBPR, MAFWE & the Wineries to openly discuss financing issues in the FF&V VC and encourage them to identify better and innovative ways of financing; Activity completion	March 17
Horizontal and Vertical Linkages		
Assessment of the Potential and Challenges for Developing POs in Macedonia with Recommendations for AgBiz Support	Activity completed	January 25
Feasibility Study and Business Plan for POs and Association Management Entity	Activity completed	January 31
Support to Shumski Plod by Cost Sharing a Professional Manager and Office	AD approved, MoU signed, Activity under implementation	March 31
Contract Farming Regional Lessons Learned and Best Practices	AD approved, Activity under implementation	March 31
Outreach/Market Information/Environment		
AgBiz Web Site	Web site updated on an ongoing basis	March 31
Introducing energy efficiency and renewable energy for Macedonian agribusinesses -workshop	Develop Activity Concept and Activity Description	March 31
Program's Newsletter -Focused on Activities' Results	Develop an outline for the Newsletter	March 31
Transfer of Post-Harvest Handling Technology for Selected Agriculture Commodities to POs/ Farmers/Agribusinesses through <i>Moja Zemja</i>	Develop and publish guidebooks for "potatoes & onion and tomatoes & peppers" as per Dissemination Plan stated in the approved Activity Description	March 31
AgBiz Conference and Training Calendar	Provide monthly input on AgBiz activities for USAID's EG Office Event Calendar	March 31
Technical Communication Dissemination	Distribute at least 3 pieces of technical information to stakeholders other than customers	March 31
Field Trips	Stimulate and organize quarterly field visits for USAID officials to AgBiz customers – especially new officers	March 31
MAFWE Updating	Provide MAFWE with monthly AgBiz information or/and information on AgBiz planned activities	March 31
Information Sharing with Similar Regional Projects	Share at least 2 pieces of AgBiz information with other regional agribusiness projects	March 31
Success Stories	Develop and publish monthly stories	Jan 31; Feb 28 and March 31
Media Exposures	Accomplish several media exposure events presenting AgBiz activities	March 31
Program Development and Implementation AoF		
Provide USAID further assistance and clarification if needed for approving the No-Cost Extension and Budget Modification to transfer \$34,976 in	Get USAID approval for a No-Cost Extension and Budget Modification that will transfer the remaining Grant Budget line item balance into Total All Other Costs.	January 31

Activity	Expected Result	Projected Completion Date
remaining grant funds into Activities		
Closely monitor and control budget expenditures to successfully implement a highly leveraged activities program	Monthly budget review based on actual invoices expense tracking and proposing budget and expense correction where necessary.	Jan., Feb., March 31,
Identify ways to motivate staff to stay until close to end of program activities in 2011, prepare a plan and inform staff about alternative and/or additional job responsibilities	If the need arises, a plan for alternative or additional job responsibilities for current staff	March 31
Local Staff employment agreements and consulting contracts extended after NCE approval	Renew employment agreements for the local staff	March 31
Manage mid- year staff evaluations with good feedback on performance	Assist staff with performance evaluation assessment and plan development	March 31
Assure continued grantee results quarterly reporting	Assure that PCs collected and submitted Quarterly Progress Report for each grant that provides assessment of work progress, the constraints encountered and actions to minimize the constraints and results achieved during the Quarter.	March 31
If requested by USAID prepare PMP modification, including the increased results and indicators already reported in the NCE Request	Revise the PMP and get USAID approval.	March 31
Monitoring and Evaluation AoF		
Data Collection and Analysis of Project Derived Indicators	Quarterly progress and CY'10 Annual report forms customized and disseminated to responsible PCs to be further distributed to grantees	March 31
Maintain the internal integrated database/spreadsheets to support archiving and reporting performance data	Official data for CY'10 obtained; data quality assessed and further processed, internal integrated database/spreadsheets archiving performance data updated and fully functional	March 31
Maintain FY '11 activities budget and implementation plan	Actual activities expenditures tracked, completion vs. budget allocated and timeframe established in compliance with AWP	March 31
Maintain electronic filing system to facilitate managing and documenting performance data	Electronic filing system maintained	March 31
Administer Quarterly Report Development and Compilation/Assure Conformity with 508 Federal Regulative	Weekly reports produced during the quarter reviewed; outline responsibilities and input forms developed; development of the Final Technical Report initiated	March 31
Wine Industry Database	Data on trade flow in CY '10 obtained, processed, and database updated	March 31
Importance of Agribusiness to Macedonian Economic Growth Report	Data on Macedonian Agricultural Commodity Exchange in CY '10 obtained and processed, public releases presenting official data on employment in Macedonia and agribusiness share in the GDP obtained from the State Statistical Office and processed accordingly	March 31

5.0 REPORTS PRODUCED DURING THE QUARTER

This section lists the reports produced by AgBiz in the Quarter. Due to the total size of the documents, they are presented in a separate CD-ROM.

5.1 EXTERNAL REPORTS

5.1.1 Outreach Releases

Macedonian Fresh Produce Exporters on Business Mission to Israel - AgBiz Media Advisory
AgBiz's Press clippings Oct- Dec 2010

5.1.2 Success Stories

Cooperation for Mutual Success
Macedonian Agribusinesses Sell Products worth EU 500,000 to CEFTA Customers
Dutch and Polish Importers and Journalists Very Impressed by Macedonian Wines

5.1.3 Technical Materials

Wine Industry Performance 2009 Survey
Assessment of GoM Subsidies and their Impact on the Export Competitiveness of AgBiz-supported VCs
Assessment of the Impact on AgBiz-supported VC Participants of New Government Legislation Concerning Mandatory Buyout Contracting
Five Year Strategy and Action Plan for the First Year for MAEA
Production of Value Added Victoria Table Grape for International Market

5.2 INTERNAL REPORTS

Activity Results Report "Study Tour to Israel for Modern Post-harvest Handling Capacity Building and Establishing Linkages with Israeli Companies"
Activity Results Report "IndAgra Trade Fair 2010 in Bucharest, Romania"
Activity "Study Tour and B2B in Canada" Six-month Follow-up Report
Activity Results Report "Wine Road-show Presentations of Macedonian Wineries in Poland and The Netherlands and Buying Mission to Macedonia"

Activity Results Report “CEFTA Conference and B2B Meetings between Exporters and Importers from Macedonia and SEE Countries”

Activity Results Report “IPARD Study Tour to Bulgaria for Bank Representatives”

Activity Results Report “On-line Registration of Employment for Agribusinesses”

Environment Mitigation Measures Plan

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